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This seminar provided for exchange of current experiences and views on active manpower policy by management and trade unionists in the member countries of the Organization for Economic Cooperation and Development. The present volume consists of a report of the proceedings, the conclusions reached by the participants, and reprints of the three background reports prepared for the seminar. The papers and discussion provide an intimate appraisal of important aspects of manpower policies and activities within the member countries. The backgrounds reports were: "Economic and Social Implications of an Active Manpower Policy" by E. Wight Bakke, "Comparison of National Manpower Policies" by Franz Lenert, and "The Trade Union Attitude Towards an Active Manpower Policy" by Herman Beermann. (CH)

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INTERNATIONAL TRADE UNION SEMINAR ON ACTIVE MANPOWER POLICY

September 17-20, 1963

Vienna, ~~17th - 20th September, 1963~~

FINAL REPORT

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Manpower and Social Affairs Directorate
Social Affairs Division
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1964

The Organisation for Economic Co-operation and Development was set up under a Convention signed in Paris on 14th December 1960 by the Member countries of the Organisation for European Economic Co-operation and by Canada and the United States. This Convention provides that the O.E.C.D. shall promote policies designed:

- *to achieve the highest sustainable economic growth and employment and a rising standard of living in Member countries, while maintaining financial stability, and thus to contribute to the world economy;*
- *to contribute to sound economic expansion in Member as well as non-member countries in the process of economic development;*
- *to contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations.*

The legal personality possessed by the Organisation for European Economic Co-operation continues in the O.E.C.D. which came into being on 30th September 1961.

The members of O.E.C.D. are Austria, Belgium, Canada, Denmark, France, the Federal Republic of Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.

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PREFACE

The trade union seminar on "Active Manpower Policy" was held in Vienna in September 1963. It is the first of a series of seminars arranged by the O.E.C.D. to examine subjects within the area of O.E.C.D. major interests and to permit an exchange of current experiences and views of management and trade unionists in the Member countries on them. The papers and discussion provide an intimate appraisal of important aspects of manpower policies and activities within the Member countries. The results of this seminar were transmitted to the Manpower and Social Affairs Committee for its consideration in the preparation of the report and recommendation on "Active Manpower Policy" which was adopted by the O.E.C.D. Council in May, 1964. A parallel seminar was held in April 1964 for management representatives and the papers and reports of this seminar will appear separately.

The present volume consists of a report of the proceedings, the conclusions reached by the participants and reprints of the three background reports prepared for the seminar.

A supplementary report is available containing the case studies prepared for the seminar and a series of country reports submitted by the participants.

The table of contents of the supplementary report and the names of the participants are given at the end of the present volume which also includes a copy of the O.E.C.D. Recommendation on Manpower Policy as a means for promotion of economic growth.

Solomon Barkin
Deputy to the Director for
Manpower and Social Affairs,
Head of Social Affairs Division,
O.E.C.D.

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REPORT ON THE PROCEEDINGS OF THE SEMINAR

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Introduction

In choosing "Active Manpower Policy" as the subject of the first international trade union seminar in its 1963 programme for employers and workers, the Manpower and Social Affairs Committee wished to draw attention to the importance of a co-ordinated manpower policy in enabling the labour force to make its maximum contribution to economic growth, and to emphasize the need for an understanding by management and the unions of the aims and implications of such a policy.

The task of the trade union leaders from fifteen O.E.C.D. Member countries who met in Vienna in September 1963, was therefore to discuss, from the trade union point of view, the selective measures of manpower policy designed to preserve the economy from cyclical and seasonal fluctuations and large scale unemployment.

Discussion took place on the basis of the following reports:

Report No. 1:

"Economic and social implications of an active manpower policy", by E. Wight Bakke.

Report No. 2:

"Comparison of national manpower policies", by Franz Lenert.

Report No. 3:

"The trade union attitude towards an active manpower policy", by Hermann Beermann.

Case Studies

No. 1: "Active manpower policy in the United States", by Andrew J. Biemiller.

No. 2: "Active manpower policy in Great Britain", by Ray Boyfield.

No. 3: "Active manpower policy in France", by Laurent Lucas.

No. 4: "Active manpower policy in Italy", by Pietro Merli Brandini.

No. 5: "Active manpower policy within the European Economic Community", by Jean Dedieu.

Supplementary Document

"The Evolution of the Concept of an Active Manpower Policy",
by Solomon Barkin

The summary of the work of the seminar deals with the discussion of these reports and of those presented by the participants on the conditions in their respective countries.

DEFINITION OF THE AIMS OF ACTIVE MANPOWER POLICY

Before defining the aims of an Active Manpower Policy, one of the first questions which the seminar had to discuss was the definition of Active Manpower Policy as distinct from general economic policy and employment policy. It was generally agreed that it consisted of the selective measures of employment policy. Active manpower policy measures could only be a complement to economic and employment policy measures and never a substitute for them. This point of view is shown in paragraph 2 of the conclusions: "underlying the effective operation of such programmes there must be governmental, social, economic, fiscal and other programmes for attaining and maintaining full employment and a geographical balance of economic development and employment opportunities among the various regions and areas of the countries".

All participants considered full employment in the interests of the individual as the principal aim of any manpower policy.

One of the main assumptions throughout the seminar was that manpower policy should be dominated more by social and humanitarian considerations than by purely economic ones. Although this idea was expressed in the report on the objectives of manpower policy, the discussion after this report revealed some fear that economic considerations might take precedence, and the unions considered it their duty to emphasize the importance of the individual and of human dignity. The fact that they did so at a time when the results of a classic conjunctural policy in a period of economic expansion and high employment are so much vaunted, is one of the most interesting results of this seminar.

An active manpower policy is not an end in itself. It exists only in response to the needs of the individual. It must therefore be based on the idea that productive and freely chosen employment is a vital condition for the proper development of each individual's personality and is consequently the strongest factor for social stability. This view is expressed in the first paragraph of the Conclusions adopted by the seminar in the phrase: "promoting the personal dignity to which all citizens of a democratic society have a right", and continues throughout the paragraph: "full productive, freely chosen ..... employment, yielding an ever-rising personal well being for the population .... in order to promote personal dignity, raise the standard of living of all groups, promote international trade and assure an opportunity of employment for all those willing and capable of contributing to the nation's well-being".

In defining the aims of an active manpower policy in this way, the seminar also defined the economic conditions in which they could be achieved, i.e. "full productive and secure employment". Its attainment entails action by the whole society.

It was stressed that full employment, with a wide enough availability of work to give everyone the opportunity of a freely chosen full-time productive job, was unattainable without a suitable general economic policy. There was, however, a feeling among the trade union representatives that economic policy might be insufficiently co-ordinated or planned to give proper weight to employment factors. However, even if a suitable employment policy were applied, an active manpower policy is still essential. While it could not make up for the shortcomings of economic and general employment policies, it could stimulate and improve them, for instance with the help of employment forecasts and increased adaptability of manpower etc.

Experience in various countries has shown that there is need for both groups of measures and the seminar was an opportunity of making this clear.

SCOPE OF AN ACTIVE MANPOWER POLICY

A suitable economic and general employment policy is the background for a labour market policy; and an adequate level of economic activity is essential to solve the problems at issue. But this is not sufficient and it is here that special labour market measures are needed.

This applies in the following cases:

Regional Unemployment

Experience shows that although there may be a strong over-all demand for labour, short-time working and unemployment may still prevail regionally. These patches of unemployment and under-employment are a reflection of the unbalanced geographical pattern of economic development. From the social point of view the best method of dealing with this situation is to reduce or remove the obstacles to an optimum combination of the factors of production, by giving incentives for the installation of industry in areas where workers are available. This does not mean, however that factories which settle in such areas should be subsidised indefinitely.

Seasonal Unemployment

This is another field in which special measures are needed to keep as steady as possible a demand for labour throughout the year, whatever the conjunctural situation may be. Action against seasonal fluctuations of employment is in fact already a recognised and important function of manpower policy. One of the industries most subject to such fluctuations is the building industry. To enable it to work throughout the year, special measures are needed to keep the building sites open, thus ensuring an unbroken flow of work for building promoters, contractors and workers alike.

Cyclical Unemployment

There was a wide measure of agreement in the seminar that measures for smoothing out cyclical fluctuations should be included in manpower policy in order to secure a harmonious development of the economy. Since the end of the Second World War, a feature of economic activity is constant expansion and the absence of mass unemployment. Far-ranging cyclical fluctuations have not occurred; there have only been recessions involving merely a temporary decline or levelling off of economic expansion. There is a danger, however, that should the demand for labour fall appreciably and even give rise to unemployment and short-time working, the economic measures taken to overcome this fall in demand might have inflationary effects unless combined with selective manpower measures. In this case the use of these measures as a supplement to general economic and employment measures is like the adjustment of a steering wheel that has too much play.

Structural changes in employment

The purpose of an active manpower policy in the case of structural changes is to facilitate these changes so as to achieve better economic efficiency and ultimately more profitable and secure employment for the work force. It would help to ensure that a supply of "safe" jobs is not synonymous with a conservative attitude which may hamper progress. The unions were in favour of encouraging occupational and geographical mobility and, according to some speakers, it had to be taken for granted, if one wanted to be realistic, that structural changes must sometimes involve difficulties and hardships for the workers. Workers should as far as possible be able to find work first near their own homes, secondly in the same district, and only in the last resort in other areas or even abroad. If national economic conditions allowed, regional development policy should therefore be given precedence over geographical mobility policy.

The employment of foreign labour and the emigration of workers were not regarded as appropriate manpower policy measures. On the contrary, the Seminar was inclined to stress the damage that the employment of foreign labour could do to economic development itself and to the development of the economic and employment structure. Attention was also drawn to the threats which international migration could imply for the development of the areas from which this labour came.

Training

Both in the reports and in the course of the debate, it was unreservedly agreed that the swift structural adjustments required for achieving and maintaining expansion and stability under conditions of full employment called for important measures in the matter of training.

Training, particularly for adults, was recognised as an instrument of selective manpower policy. Although facilities for adult training are provided in practically all Member countries, its exact functions are by no means clearly defined, which makes it impossible to fix concrete targets.

Special labour market measures are needed in all the above cases, and this is recognised by the Seminar in paragraphs 3 and 4 of the Conclusions in which it defines the scope of an active manpower policy.

"An active economic growth policy needs to be reinforced with techniques for economic stability, achieved by economic and manpower procedures which will offset the seasonal and cyclical fluctuations and facilitate the adjustments required by the structural changes in the nation's economy.

An active manpower programme strives to promote the full utilisation of the nation's major resources, its people, in a manner which helps individuals to fulfil their maximum potential through optimum placement in the production system. It provides a dynamic perspective for the formulation of the nation's economic and social policies and for the orientation of its manpower programmes, services and institutions."

This statement very concisely covers everything that falls within the scope of a selective manpower policy. On the basis of this definition, an attempt is made in the following chapters to define the measures and institutions and the types of financing and organisation required.

MEANS OF ACTION OF AN ACTIVE MANPOWER POLICY

The Seminar then considered the means by which the functions described in the previous chapter could be carried out. There was general agreement on what these means should be, but the Seminar refrained from listing the activities to be included in an active manpower policy and how they should be carried out because it was felt that such a list might have been considered as exhaustive, and this would not have been a safe procedure. The activities and means of action discussed below do not therefore constitute a final list of all the means of action available nowadays, and even less are they a complete inventory of all those that could be taken into consideration.

Placement services

A public placement service is regarded as the essential pre-requisite of an active manpower policy. Only in this way can supply and demand on the labour market be brought into balance with due regard to human and social factors, to the interests of the national economy and those of individual firms. A nation-wide network of placement offices is best qualified to co-ordinate and carry out an active manpower policy.

The mere registration of the unemployed and of vacancies, which was once the main function of public placement services - and unfortunately still is in a good many countries - should be supplemented with measures for improving the operation of the labour market. Special importance must also be attached to the methods for determining the preference of those seeking employment for particular jobs and professions on the one hand, and the counselling of employers concerning the supply of labour available and the vocational training etc. required.

The Seminar endorsed the principle whereby placement services throughout the country should be centralised. It follows that, as laid down in the I.L.O. Convention on the organisation of employment services, local placement services must act in accordance with the directives of their central headquarters on important issues. A good many examples show that the failings of public placement services and of active manpower policy are frequently due to inadequate centralisation. Such unified control often supplies the basic requirements of placement and other activities of the service relating to an active manpower policy, e.g. description and classification of occupations, examinations and interviews, orientation of vocational training activities etc.

The contacts between manpower services and employers are increasing as a result of the broadening responsibilities of the manpower services. The main purpose of these contacts is to obtain information on the proposed lay off or dismissal of workers, but they also provide better information on vacancies and on future manpower requirements. The counselling of firms on filling of vacancies serves to deepen these contacts which also lead to better exchange of information.

Three examples of activities in which the manpower services are in particularly close contact with industry are those of the measures to counteract seasonal fluctuations in the building industry, the procedures to aid in adaptation to structural changes and measures for the implementation of regional policy. In the latter instance, the manpower services in some countries initiate projects for training programmes or for the creation of jobs, and arrange for the migration of people out of or into an area.

These contacts are an important factor in the integration of manpower services into the economic and social life of a country. It is clear that the various countries are more than ever anxious to keep public opinion informed about the duties and activities of the manpower services. The financial resources of the manpower services should include sufficient appropriations for publicity and for the use of mass media.

The views of the Seminar on modern placement services are contained in paragraph 6 of the Conclusions: "Among the services needed in the programme is a modern efficient placement system equipped with the appropriate tools among others for counselling, testing and vacancy reporting; with resources for financing training and the maintenance of the workers concerned during such training periods; and with facilities for ensuring geographical relocation under conditions favouring the easy adjustment to new communities, including adequate provisions for housing and social services."

Vocational guidance

The papers submitted and the discussions which followed showed clearly that vocational guidance, though until recently mainly of interest to young people ..... is a vital aspect of manpower policy. Both for the individuals concerned and from a manpower policy standpoint it is the best form of integration into the national labour force. The principle that vocational guidance for young people should be carried out by public employment services is in line with the idea that manpower policy activities should come under unified control and has been generally accepted. This is perhaps because vocational guidance is a relatively recent development and came into existence after public employment services had been set up. Even in cases where vocational guidance is handled by other authorities, co-operation with placement services is found necessary, if only at local level.

Paragraph 5 of the Conclusions contains the following reference to the functions of vocational guidance: "active manpower programmes envisage the establishment within each of the countries of a series of adequately financed, manned administered and co-ordinated agencies, which serve all occupational and industrial groups of employees and all employers without discrimination. They should help effect the smooth transfer of people from school to suitable jobs and, to the extent necessary to advance economic progress and human welfare, from old jobs to new jobs and locations providing people with greater income and achieving higher productivity".

Vocational Training

It was emphasized by the Seminar that vocational training for young people should be up to date and brought more closely into line with the principles of manpower policy. This need is also apparent from the research undertaken with a view to improving vocational training. Several speakers expressed the view that the vocational training provided within the individual firm was inadequate and that it would be better to have this training conducted by several firms working jointly. In some cases the governments organise vocational training during the person's first year of training in order to show the advantages of a planned and systematic approach in this respect. Vocational training in the schools also requires a stricter application of the principles of manpower policy. Some speakers drew attention to the pressure that manpower services could exert, both for the introduction of special courses and for a larger role in the selection of candidates for vacancies in training courses. All these efforts for placing the vocational training of young people on a more solid basis will inevitably remain inadequate until the basis of training is such as to enable them during their total working life to adjust easily to the rapid changes which will occur.

Of more recent origin, adult training matches the requirements of manpower policy more closely and is more strongly influenced by the employment services. The purpose of training should not simply be to make unemployed persons fit for specific jobs; it should be a more appropriate kind of vocational training which enables the labour force to become more skilled and qualified. A strong feeling was expressed that vocational training should not be interrupted to fill every vacancy which was reported.

Provision should be made for the subsistence expenses of trainees and their dependants even in cases where they do not qualify for unemployment relief. Financial assistance should be provided to induce trainees to work for better qualifications than those strictly required for getting a job.

Several speakers criticised entrance requirements which made it difficult, if not impossible, to be accepted in vocational training centres. The Seminar took the view that, even if vocational training for adults (which is an appreciably faster process than for young people) was not in any way a substitute for the basic education at school, it should nonetheless be capable of fitting workers for skilled tasks. This is particularly necessary when employment policy aims to improve the geographical mobility of the labour force to match the requirements of the economy. But it is also important for getting rid of unemployment, since economic fluctuations and the losses of employment they imply chiefly affect unskilled workers, and this is particularly true in countries where there is a plentiful supply of labour.

The Seminar's views on vocational training are summarised in paragraph 8 of its Conclusions:

"The services must be available to all groups whether employed, under-employed or unemployed, so that the optimum utilisation of manpower is achieved. Training and retraining programmes are as significant for the promotion of the employed as for the reduction of the unemployed and for the adequate broad education and preparation for the full work life of the young. The size of training programmes for specific occupations should be related to realistic projections of manpower requirements for such occupations and co-ordinated with general policies of public and private investment, thus assuring long-term employment security for workers undergoing such training."

The requirements of special work groups are mentioned in the Conclusions, paragraph 9 within the general context of vocational training: "Induction and training programmes for manpower groups with special employment problems must be extensive enough to ensure their productive contribution to the economy."

Geographical Mobility

The exchange of views at the Seminar made it clear that the means of action for achieving geographical mobility are indeed highly developed. The wholesale migration of labour cannot of course be encouraged, but it must be recognised that measures to promote geographical mobility have become an important aspect of present day manpower policy. Allowances for travel and removal expenses, for the temporary duplication of household expenses, etc. and grants for settling in, all tend to facilitate geographical mobility and are one of the aspects of an active manpower policy.

These different aids, combined with the development of vocational training, can facilitate the structural changes needed for progress and stability.

Paragraph 6 of the Conclusions refers to these measures as follows: "among the services needed in the programme (for an active manpower policy) is a modern efficient placement system ..... with facilities for ensuring geographical relocation under conditions favouring the easy adjustment to new communities, including adequate provisions for housing and social services".

Regional Policy

The Seminar took the view that a regional policy should make use of all existing means of action, e.g. improvements in the infrastructure, subsidies and loans to encourage the creation of new industries, industrial premises built at government expense, encouragement for the geographical mobility of manpower, the construction of workers' houses to match the establishment of industries in a particular area and, lastly, decentralisation - the latter being facilitated, inter alia, by refusing permits for the installation of industries in certain areas in which there is over-concentration.

Since a regional policy as understood in this sense embraces a very wide field, and implies large scale expenditure in connection with measures related to employment policy, the authorities in charge of manpower services should play a leading part in this policy and entirely take over certain tasks. The papers submitted at the Seminar show that this point of view is already put into effect in some countries. In the light of the statistics at their disposal, the manpower services often indicate the areas where help should be provided. In some countries, they play a part in the allocation of subsidies and loans etc. and sometimes award such facilities themselves. They are often consulted as to where an industry should be installed. It is by providing vocational training facilities and subsidies for workers who follow decentralised firms to their new sites that the manpower services can also contribute to the success of regional policy.

This idea is also apparent in the Conclusions of the Seminar which state that ".... there must be governmental, social, economic, fiscal and other programmes for attaining and maintaining full employment and a geographical balance of economic development and employment opportunities among the various regions and areas of the countries". (Paragraph 2.)

Seasonal fluctuations in employment

One of the sectors in which seasonal fluctuations are most likely to occur is that of the building industry. Some countries have established local or regional committees comprising representatives of manpower services, employers, building workers and various official or semi-official bodies connected with the building industry. The free exchange of information within such committees paves the way for judicious decisions on the timing of building projects. There are also some "building permits" that are a matter of manpower policy, but it appears that these are becoming largely superfluous as a result of the co-ordination which develops as a matter of course within the committees mentioned above.

Subsidies should as far as possible be granted to offset the high cost of work in winter. Financial assistance should be given for planning, which is of particular importance for winter building, and allowances or grants should be awarded to building contractors and workers to enable them to buy winter equipment etc. In order to maintain a link between employers and workers, that is to say, in order to keep jobs open, some countries have special arrangements whereby compensation is awarded to offset, at least to some extent, the loss of income resulting from bad weather. The aim is to ensure that building work will be resumed as soon as weather conditions permit.

According to the experiences discussed at the Seminar, the effective application of such measures above all depends on the existence of appropriate winter building projects.

In certain countries, this vital condition is fulfilled by drawing up, in advance, a public investment programme for a specific period. Whenever a seasonal decline in employment occurs, these building projects - which are not picked at random but in the light of real and urgent requirements, can be started immediately. In sectors other than building, such as agriculture or the tourist industry, only sporadic attempts are made to deal with seasonal fluctuations. Advantage is taken of the off-season mainly for organising vocational training courses.

Cyclical Fluctuations

This is a field where practical manpower policy is still backed by relatively little experience.

In some countries, extensive employment programmes are planned in advance for immediate application when called for by economic conditons. In certain cases, the effects of a recession have been mitigated by large-scale building projects and public works resulting from manpower policy. Similarly, the manpower authorities may have some influence on capital investment in the private sector.

Structural changes

The Seminar took the view that it was the function of an active manpower policy to help the process of structural change by ensuring safe employment for people who remain in depressed sectors and suitable re-employment without hardship for those who lose their jobs. There is not yet enough experience in this field, but in accordance with the requirements which such structural changes entail, the following facilities are already being granted: refund of travelling and removal expenses, separation and settling in allowances, wage adjustments and compensation, temporary subsistence allowances and allowances for vocational re-training.

The Seminar's views on the function of an active manpower policy in combatting seasonal and cyclical fluctuations are contained in paragraph 3 of its Conclusions, which

states that: "an active economic growth policy needs to be reinforced with techniques for economic stability achieved by economic and manpower procedures which will offset the seasonal and cyclical fluctuations and facilitate the adjustments required by the structural changes in the nation's economy".

MANPOWER SERVICES FOR ALL IN THE LABOUR FORCE

An active manpower policy must ensure that all the measures mentioned above are applicable to the whole potential labour force and not only to the unemployed, as was the case in the past.

This is clearly stated in paragraphs 5 and 8 of the Conclusions: "Active manpower programmes envisage the establishment within each of the countries of a series of adequately financed, manned, administered and co-ordinated agencies which serve all occupational and industrial groups of employees and all employers without discrimination"; and "the services (i.e. those resulting from an active manpower policy) must be available to all groups whether employed, under-employed or unemployed, so that the optimum utilisation of manpower is achieved".

This does not of course imply that such measures should be arbitrary or coercive; they can in fact only consist in providing specific financial incentives. As the Seminar emphasized, the freedom of managements and of individuals alike must be safe-guarded in all circumstances. Paragraph 5 of the Conclusions expresses this view in the following terms: "These shifts should be made while respecting the freedom of choice of workers, without injury to their level of skill, their living standards, their own or their dependants' morale. They should inspire confidence in the beneficial nature of the necessary economic and technological changes and should elicit co-operation in making them. These services will increase the freedom of all people to choose and change their jobs and occupations".

The most effective way of seeing that the whole manpower potential is covered by these measures is to ensure that the cost of services resulting from an active manpower policy, e.g. vocational training or re-training, transfers, psycho-technical tests etc. is borne by the community and is not a burden on the individual.

As stated in paragraph 7 of the Conclusions: "The burdens and costs of adjustment to national economic and technical changes must be borne by the community and not imposed on the individual who will discharge his constructive responsibilities through utilisation of the opportunities afforded him".

STATISTICS AND FORECASTS

It is increasingly apparent that the application of an active policy for economic expansion requires a deeper knowledge of the existing situation and at least an approximate idea of future trends.

If this is true of general measures, it applies even more so to the selective measures resulting from a manpower policy. The Seminar firmly emphasized that such measures should be taken in the light of objective data. A selective employment policy substantially depends on medium and long term forecasts resulting from existing statistical data. In practice, vocational training should be based, for instance, on data of the supply and demand in specific trades, and also on competent appraisals of future requirements for particular occupational skills. The planning of vocational training, especially for young people, requires long-term estimates for which the only basis can be accurate employment forecasts, and these, in their turn, must of course fit into the context of general economic projections. But it is also important to have accurate statistics and forecasts for a regional policy and for measures for dealing with seasonal and cyclical fluctuations, etc.

The trade union leaders who took part in the Seminar thus considered that, in the context of an active manpower policy, the closest attention should be paid to the development of statistical and forecasting methods. The bearing that statistics have on manpower policy is made clear in paragraphs 8 and 13 of the "Conclusions", i.e.: "These agencies (responsible for working out manpower policies and co-ordinating the institutions and services equipped with independent means of action) should be charged with obtaining necessary statistics, securing reports and making such surveys and studies as will be helpful in formulating immediate, short run and longer term policies and programmes".

In paragraph 8, reference is made to the relationship between statistics and vocational training, as follows: "the size of training programmes for specific occupations should be related to realistic projections of manpower requirements for such occupations and co-ordinated with general policies of public and private investment, thus assuring long-term employment security for workers undergoing such training".

FINANCE

The action taken under active manpower policies is not financed in the same way in every Member country. The principal sources of finance are the national budget and workers' and employers' contributions to unemployment insurance. Some countries have special funds which usually draw their assets from the national budget but have some degree of independence and are unaffected by yearly budgetary decisions.

The Seminar was less concerned with methods of financing than with the scale of expenditure on an active manpower policy that would be justified. This kind of issue must not be judged by reference to the immediate expenditure resulting from specific measures and activities but should as far as possible be treated in the context of a general economic budget. The data required for a proper appraisal are still inadequate and research on this subject has only just begun. However, having regard to various forecasts and to general considerations concerning the effects of an active manpower policy on economic expansion, expenditure in the region of one or two per cent of the Gross

National Product may seem justified. One of the views expressed at the Seminar was that it would be most useful to have formal justification for the expenditure implied by an active manpower policy by providing for this expenditure in national budgets.

The question of finance is mentioned at various points in the Seminar's "Conclusions" for instance, in paragraph 5: "active manpower programmes envisage the establishment ..... of a series of adequately financed .... agencies".

At a later point, paragraph 12 reads as follows: "Where feasible, such agencies may autonomously administer flexible expenditure programmes, voted by the government, to counteract seasonal fluctuations or to help forestall cyclical downswings".

ORGANISATION

As stated in connection with the means of action of an active manpower policy, the tendency, in practice, is towards a centralised organisation of manpower activities, that is to say, a central headquarters having under its control the services installed all over the country. However, centralisation means something more: it implies that manpower policy must be planned and given effect by a single authority, thus avoiding the dispersal of effort resulting from the allocation of responsibilities among several authorities.

On the question of administrative organisation, the trade union leaders present at the Seminar took the view that the Ministry of Labour (or whichever Ministry is competent to deal with questions of manpower) should, more than it has done in the past, centralise under its control all the activities relating to an active manpower policy. One criticism was that certain decisions which were a matter of manpower policy had to be submitted to the Ministry of Finance for approval and this considerably reduced the effectiveness of manpower policy. In fact, this procedure weakens or even endangers the collaboration between Management and Labour which is often developed in practice at Ministry of Labour level and below.

Since the end of the Second World War, the role of the State in matters of economic policy has entirely changed. Certain budgetary issues which only partly depend on the consent of the Parliament are handled by the Government so that it may bring its influence to bear quickly and effectively on economic development and on problems of employment. In law or in fact, matters involving the authorisation of budgetary expenditure come within the province of a Ministry of Economic Affairs or a Ministry of Finance. This being the trend in so important a field as economic activity, then surely there must be all the more reason to centralise the powers of decision in a sector such as active manpower policy where the financial resources involved are small and, at most, account for only a minute percentage of the national budget.

The action taken by an authority responsible for active manpower policy should, of course, in all circumstances be based on statutory provisions, this being the procedure taken for granted in any democratic community. Any decision on a specific case must fall within a pre-determined framework.

A particularly important issue - to which the Seminar rightly gave close attention - is co-operation between Management and Labour in the planning and application of manpower policy measures. Developments in the field of economic and social policy have made it increasingly clear that decisions cannot be smoothly and altogether satisfactorily put into effect unless Management and Labour co-operate. Such co-operation can have various institutional forms, these often being modified by Management and Labour themselves. Along the lines of what is already a long-standing practice in the field of social security, some countries have established manpower policy organisations with a tripartite membership having power of decision and working independently within the framework of statutory provisions. This approach goes a long way towards integrating an active manpower policy in the economic and social life of the country and giving it greater impact. In the absence of institutions of this kind, the aim in practically all cases is to secure co-operation and agreement between Management and Labour by means of the committees established at every level of manpower administration.

Paragraph 12 of the Conclusions discusses this point as follows: "Governments should design agencies to develop the national manpower policies and co-ordinate the institutions and agencies administering the specific tools. These agencies should advise the authorities on economic and fiscal policies and programmes to help to assure full employment. Where feasible, such agencies may autonomously administer flexible expenditure programmes, voted by the government to counteract seasonal fluctuations or to help forestall cyclical downswings. To ensure adequate co-ordination in achieving the efficient realisation of the goals, the supervision and administration of the individual services might be placed within such agencies".

Paragraph 14 of the Conclusions states that: "In democratic societies ... the administrative agencies (for basic active manpower programmes) should contain, or should establish consultative bodies which would include responsible representatives of trade unions and employers in order to ensure the agencies, responsiveness to actual needs and the co-operation and free participation of the component elements of industry in the programme".

CONCLUSIONS

The discussions at the Seminar showed that there is a general trend in favour of an active manpower policy. The need for such a policy will become more urgent as the problems of achieving a high level of employment, and maintaining it where already reached, become more pressing.

In view of the relatively short period during which an active manpower policy designed to solve economic and employment issues has been applied systematically, or at least with sufficient drive and scope, it is most difficult to ascertain in statistical terms how much impact the action taken under this policy has had on economic development and employment. But the Seminar participants were convinced of the benefits of such a policy. Their general views on the effectiveness of an active manpower policy are set out in paragraphs 10 and 11 of the "Conclusions" as follows: "Active manpower policies can contribute to economic growth and tend to moderate inflationary and deflationary pressures on the economy. These policies will also contribute to higher real incomes for workers and a more just distribution of income".

"Nations following such programmes have gained great prestige and approval within the community of nations."

CONCLUSIONS OF THE SEMINAR

The Members of the O.E.C.D. Trade Union Seminar on an "Active Manpower Policy" convened in Vienna, 17-20 September, 1963, urged all Member countries to adopt and implement an active manpower programme dedicated to full, productive freely chosen and personally secure employment, yielding an ever rising personal well-being for their population. This programme is essential in order to raise the standard of living of all groups, to promote greater international exchange, and to assure an opportunity of employment for all those willing and capable of contributing to the nation's well-being, thereby promoting the personal dignity to which all citizens of a democratic society have a right, and thus contributing significantly to the realisation of the O.E.C.D. growth target of a 50 per cent increase in the national product in the sixties.

The realisation of these objectives calls for a programme equipped with adequate tools, and informational, administrative and financial resources. Underlying the operation of such programmes there must be governmental, social, economic, fiscal and other programmes for attaining and maintaining full employment and a geographical balance of economic development and employment opportunities among the various regions and areas of the countries.

An active economic growth policy needs to be reinforced with techniques for economic stability, achieved by economic and manpower procedures which will offset the seasonal and cyclical fluctuations and facilitate the adjustments required by the structural changes in the nation's economy.

An active manpower programme strives to promote the full utilisation of the nation's major resource, its people, in a manner which helps individuals to fulfill their maximum potential through optimum placement in the production system. It provides a dynamic perspective for the formulation of the nation's economic and social policies and for the orientation of its manpower programmes, services and institutions.

Active manpower programmes envisage the establishment within each of the countries of a series of adequately financed, manned, administered and co-ordinated agencies, which serve all occupational and industrial groups of employees and all employers without discrimination. They should help effect the smooth transfer of people from school to suitable jobs and, to the extent necessary to advance economic progress and human welfare, from old jobs to new jobs and locations, providing the people with greater income and achieving higher productivity. These shifts should be made while respecting the freedom of choice of workers, without injury to their level of skill, their living standards, their own or their dependants' morale. They should inspire confidence in the beneficial nature of the necessary economic and technological changes and should elicit co-operation in making them. These services will increase the freedom of all people to choose and change their jobs and occupations.

Among the services needed in the programme is a modern efficient placement system equipped with the appropriate tools among others for counselling, testing, and vacancy reporting; with resources for financing training and the maintenance of the workers concerned during such training periods; and with facilities for ensuring geographical relocation under conditions favouring the easy adjustment to new communities, including adequate provisions for housing and social services.

The burdens and costs of adjustment to national economic and technical changes must be borne by the community and not imposed on the individual who will discharge his constructive responsibilities through utilisation of the opportunities afforded him.

The services must be available to all groups whether employed, under-employed or unemployed so that the optimum utilisation of manpower is achieved. Training and retraining programmes are as significant for the promotion of the employed as for the reduction of the unemployed and for the adequate broad education and preparation for the full work life of the young. The size of training programmes for specific occupations should be related to realistic projections of manpower requirements for such occupations and co-ordinated with general policies of public and private investment, thus assuring long term employment security for workers undergoing such training.

Induction and training programmes for manpower groups with special employment problems must be extensive enough to ensure their productive contribution to the economy.

Active manpower policies can contribute to economic growth and tend to moderate inflationary and deflationary pressures on the economy. These policies will also contribute to higher real incomes for workers and a more just distribution of income in the society.

Nations following such programmes have gained great prestige and approval within the community of nations.

Governments should design agencies to develop the national manpower policies and co-ordinate the institutions and agencies administering the specific tools. These agencies should advise the authorities on economic and fiscal policies and programmes to help to assure full employment. Where feasible, such agencies may autonomously administer flexible expenditure programmes, voted by the government to counteract seasonal fluctuations or to help forestall cyclical downswings. To assure adequate co-ordination in achieving the efficient realisation of the goals, the supervision and administration of the individual services might be placed within such agencies.

These agencies should be charged with obtaining necessary statistics, securing reports and making such surveys and studies as will be helpful in formulating immediate, short run and longer term policies and programmes.

In democratic societies, the basic active manpower programmes should be authorised by and established through the action of legislative bodies, to ensure continuing popular understanding and sanction for these efforts. The administrative agencies should contain, or should establish, consultative bodies which will include responsible representatives of trade unions and employers, in order to ensure the agencies' responsiveness to actual needs and the co-operation and free participation of the component elements of industry in the programme.

An active manpower programme calls for the concurrent adoption of industrial relations programmes within industry and the firm, which will apply the same active manpower principles at these levels as are being effected through the national economy. Collective bargaining and consultation between the social partners must ensure adequate information and procedures concerning changes, and careful integrated planning of technical and economic changes and manpower adjustments. Early warning systems on redundancies enable retraining, relocation and adjustment measures to be taken to avoid any unfavourable consequences of the necessary transfers. The payment of adequate unemployment benefits and compensation in case of redundancy would facilitate adjustment, without injury to the economic position, physical well-being or the morale of workers awaiting their employment elsewhere. Such periods of unemployment would be minimised if there were a healthy and expanding national economy.

The increased requirements of modern jobs and the rising productivity of the economy call for longer and more adequate educational preparation for working life and a reduction of the working time of the employed.

An active manpower programme can serve to advance the nation's economic growth and well-being by assuring the optimum participation and utilisation of the nation's citizens. It has increasingly commended itself to all groups because it rationalises the organisation of the labour market and advances the economic gains of all, both in the short and long run. The costs of operating such a programme will remain relatively low compared with the economic, social, human and political benefits.

The governments, employers associations and trade union movements should examine their own policies and practices, in order to bring them into line with the principles of an active manpower policy.

II

RECOMMENDATION OF THE COUNCIL ON MANPOWER POLICY AS A MEANS FOR THE PROMOTION OF ECONOMIC GROWTH

Adopted by the Council at its 67th meeting
on 21st May, 1964

The Council

Having regard to Articles 1, 2 and 5(b) of the Convention of the Organisation for Economic Co-operation and Development of 14th December, 1960;

Having regard to the Report of the Manpower and Social Affairs Committee on Manpower Policy as a Means for the Promotion of Economic Growth, 19th March, 1964 (hereinafter called the "Report")

On the proposal of the Manpower and Social Affairs Committee;

I. APPROVES the Report.

II. RECOMMENDS that Member countries proceed - in the near future and as part of their development activities and their efforts to attain the growth target of the Organisation - to a re-examination of their manpower policies in the light of the Report with a view to increasing their ability to solve employment problems created by technical and economic change.

III. RECOMMENDS that Member countries in carrying out this re-examination should undertake any appropriate consultations, particularly with management and labour organisations.

IV. REQUESTS Member countries to report to the Organisation on action taken by them to implement this Recommendation, not later than by 30th June, 1965.

MANPOWER POLICY AS A MEANS FOR THE PROMOTION OF ECONOMIC GROWTH

Report by the Manpower and Social Affairs Committee

Manpower policy should be given an important role in the pursuance of economic growth by contributing both to the increase of the productive capacity of the economy and to its utilisation. Along with the basic programme for education and training of youth there is need for training programmes for persons of all working ages to help meet demands for new skills and adaptation to changes in the industrial structure. Along with scientific and technical progress there is need for measures to promote acceptance of new techniques by all concerned. Along with fiscal and monetary policies designed to maintain high levels of employment and business activity in general terms, there is need for more specialised and selective measures, creating jobs in labour surplus areas and encouraging the flow of manpower from such areas to expanding and productive industries.

By promoting the mutual adjustment of manpower needs and resources, an active manpower policy has the special advantage of being expansionist with regard to employment and production but anti-inflationary with regard to costs and prices.

The diversification of production, the increasing volume of technical research and innovations, the efforts to liberalise and expand international trade, and the appearance of a number of new countries as producers in the world market for industrial products tend to increase the multiplicity of economic changes, perhaps also their severity. If the neccessary adjustments do not take place rapidly there is a risk that they will give rise to economic contractions and unemployment. If the adjustments are not carried out in forms acceptable to those who are most immediately affected, protective and restrictive reactions can be expected. Since the benefits of such change accrue to the community as a whole, the community should bear a significant part of the costs of adjustment to economic and technical change and should also act to reduce the burden of such adjustment.

Countries sometimes accept the burden of large direct or indirect subsidies or measures of protection to maintain employment in declining and less productive sectors. Public money could often be better used to facilitate and stimulate workers' moving and retraining for better jobs or the establishment of industries with positive prospects in areas facing employment difficulties. Expenditure of the types envisaged here for the improvement of human resources and their re-adjustment should not be regarded as a cost to society, but rather as a "sound investment in adaptation". At the same time they promote important social values by increasing the individual's freedom in the choice of an occupation or workplace and his security against loss of income.

In view of the interdependence of national economies it is advantageous for an individual country if in all other countries high employment prevails, economic progress continues, and negative repercussions and restrictive reactions to technical and economic change are avoided. Consequently the O.E.C.D. countries have a joint interest in exploring solutions to employment problems.

The Manpower and Social Affairs Committee therefore consider that Member countries should undertake a specific reexamination of their manpower policies in the near future. Some specific measures and programmes which should normally be part of an active manpower policy are indicated in the following paragraphs. It is understood that in devising such a manpower policy due regard must be given to the level of economic development and the institutional background, which may vary from country to country, and to the consequent differences in degrees of priority which have to be given to various elements. It is nevertheless desirable that all Member countries undertake parallel efforts to make progress in this field. Manpower policy should be made one of the main elements of economic policy in the pursuit of the O.E.C.D. growth target; at the same time the social aspects of such a policy should always be borne in mind.

Policy-making and Administration

A central policy body, or adequate co-ordination between different existing agencies is essential to formulate over-all policy, to determine general directives, to indentify strategic activities in the light of changing needs, and to initiate and develop new programmes and services. The Manpower authorities should strive to ensure that the objectives of the national manpower programmes are fully recognised by all relevant sectors of government and that the employment objectives everywhere are given the high priority they deserve from the point of view of economic, political and human interests.

Participation of employers' and workers' organisations

Employers and workers, through the development of manpower programmes on a plant, establishment, or industry basis, can make an important contribution to the promotion of economic growth. Such programmes, which will vary widely in both form and nature among industries and countries, can-frequently be stimulated through appropriate labour-management-government consultation and co-operation. To be effective, such consultation must spring from an appreciation of the role employers and workers and their organisations can play in promoting economic growth and improvement in standards of all people.

Co-ordination of manpower and other economic policies

Different types of measures should be predominant depending on whether the period is one of inflationary pressures or one when a business recession or restrictive policies for maintaining the balance of payments and price stability tend to reduce employment and hamper growth. The manpower authorities should constantly be prepared for rapid and timely action according to circumstances. This presupposes a high degree of information about economic trends in various parts of the economy, including contacts with employers to get advance notice about changes in the employment outlook. During slack periods, if timing and other factors support their effectiveness, public works and the provision of socially-needed public services should be used, possibly as part of a policy to increase the general level of demand. Such works, as well as local or general arrangements to influence employment in private enterprise must be prepared in advance, so that they can be utilised at the right moment. Seasonal employment variations might also be counteracted by administrative influence upon the starting of building and construction projects or financial incentives to stimulate employment during the slack season.

The Employment Service

This should be an institution promoting the effective functioning of the labour market as a whole in respect of all categories of workers. It must be given sufficient resources, including qualified personnel and attractive premises so as to gain the confidence of all sectors and classes of employees and employers. It should be capable of providing adequate description of jobs and of qualifications of applicants, vocational guidance and occupational counselling services, and inter-regional clearing of vacancies. It should also be able to administer special programmes designed to encourage geographical and occupational mobility and social adjustment. These programmes should apply to all categories of workers, whether employed, under-employed, or unemployed, so as to promote optimum utilisation of manpower.

Human Resource Development, Including Vocational Training and Retraining

One important element of an active manpower policy is to see to it that human resources are developed to such an extent that the achievement of desired rates of technological change will not be impeded through lack of workers with suitable skills. To a great extent, training opportunities are provided by employers, but public authorities must see to it that total training capacity is adequate for the economy as whole. Probably an increasing part of the population will be required to change occupation during their life, as technology progresses. Adult training and retraining facilities should be provided on an increasing scale, both within private industries and in educational institutions, in order to promote the necessary shifts and adjustments. Everybody needing and wishing to acquire new skills should be given the opportunity to qualify for the new and better jobs. It should be realised that the best preparation for later occupational shifts is a good basic education and technical training for the young, which takes account of the needs of modern technology.

Geographical Mobility

Geographical mobility would be promoted by better information to workers about job openings outside the home area, but in many cases economic and other hindrances to desirable mobility are considerable. The employment services should be authorised to provide travel and resettlement allowances to offset these hindrances. Co-operation with housing authorities and special efforts for solving housing problems in expansive areas will often be appropriate to create better conditions for a rational re-allocation of the labour force. Measures should be taken to facilitate the social adjustment and integration of people settling in a new area, in particular those coming from very different environments, such as international migrants and rural workers going to urban industries.

Regional Development

A well-rounded manpower programme requires adequate measures to bring jobs to workers. Programmes for encouraging employment in depressed and underdeveloped areas should be established, with due regard to sound principles of economic development. Such programmes may include fiscal advantages, loans for new investment and other incentives to private enterprise, as well as public undertakings. The administrative agencies should be equipped to aid local community organisations in their economic development programmes and to co-ordinate such programmes with national economic aims.

Employment of Marginal Groups

Many groups now intermittently or permanently outside the labour force can be helped to participate in useful employment through such aids as rehabilitation, retraining, special job arrangements and efforts to reduce prejudice against their employment. Such measures can be particularly efficient when shortages of labour exist or are impending.

Financial Provisions for Re-adjustments

Adequate unemployment benefits and compensation in case of redundancy as well as the special allowances for persons undertaking resettlement, retraining, rehabilitation, and other re-adjustments, are recommended as facilitating economic change with favourable results for the economic position, physical well-being, or the morale of workers. They would promote rational placement in new jobs and positive attitudes to progressive changes and should therefore be regarded as valuable not only for the individual but for the economy as a whole.

Special Problems of Developing Countries

It is understood that a solution of the employment problems of Member countries in process of development, which generally have to cope with extensive under-employment in rural areas, must depend to a great extent upon the possibilities of achieving the accumulation of capital necessary for the creation of new industries and adequate public investments. Any development plan, however, must contain an appreciation, based upon an analysis of demographic and other internal conditions and on the experiences of the already more industrialised countries, of the various manpower requirements which such a plan involves and the ways and means through which the population of underdeveloped regions can be adapted to modern life. Co-operation between manpower and education authorities - always necessary - is of particular importance in these cases.

Summary

The pursuance of a programme on these lines would mean action in the following directions:

(a) A more comprehensive employment service, which can be utilised by employees and employers of all categories.

(b) An increased degree of preparedness for preventive or remedial action against employment disturbances.

(c) Substantial enlargement of adult training facilities and reforms in the general education and training system to meet the rapidly changing needs of modern technology.

(d) Forecasting of future occupational requirements, to act as a guide for developing education and training programmes.

(e) The introduction or reinforcement of specific means for encouraging desirable geographical mobility.

(f) More systematic support of industrial expansion in backward or depressed areas with development possibilities.

(g) The intensification of measures to make it easier for marginal groups to take up and keep gainful occupation.

(h) The development of income security programmes, such as unemployment and redundancy compensation and special adjustment allowances.

III

REPORTS PRESENTED AT THE SEMINAR

THE EVOLUTION OF THE CONCEPT OF AN ACTIVE MANPOWER POLICY

by Solomon Barkin
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The concept of an active manpower policy has evolved from the realities of post-war developments. It is an answer to the practical needs of the countries for a set of guiding principles to govern the organisation of their individual manpower services. Reflecting on the form of war-time controls of the labour force, many had come to believe that the systematic integration of the manpower services might be needed to achieve the new social and economic targets, without having to restore controls or utilise the principles of compulsion or the directive methods of war-time emergencies. Through a very evolutionary process, the component parts of an active manpower policy and organisation have been assembled so that we can at present more clearly define them. However, with the passing of time, the appearance of new problems and the acceptance of new objectives, additions may be made to the basic concepts. In addition, the needs of countries at different stages of economic development and with different practical problems will be reflected in the contrasting points of emphasis on the specific phases of the programme.

If there is any common background for the programme for the "active manpower policy" it is the acceptance of a policy of full employment by the nations of the world. The dreadful experiences with unemployment during the thirties implanted a strong determination in all people to wipe out this scourge. The leaders from every walk of life were dedicated to secure the realisation of full employment in the civilian economies as they had attained it during periods of national emergency and international conflict. It became a pre-eminent objective of the International Labour Organisation's Philadelphia Declaration of 1945 and has been repeated in a number of international instruments. Moreover, it has been adopted as a national goal in economic planning instruments adopted by individual countries. In the United States the Employment Act of 1946 dedicates the country to a goal of maximum employment.

In the immediate post-war years, the dedication to reconstruction and the financial assistance provided by the United States stimulated activity in most countries to such a high level that the full employment goal was realised, without the use of special programmes oriented to that purpose. Shortages had to be overcome; the economies had to be reconstructed; the losses of the thirties and the war period had to be offset by new construction, innovation and modernisation. The large backlog of industrial and scientific knowledge begged to be incorporated into the economic structure. These innovations and activities fostered continuing maximum and full employment. In fact, the relapses from this state were in no small part due to the restraints of economic policy designed to control inflationary pressures.

The concern with the possible inflationary impact of labour shortages upon wage levels soon led to a debate on whether a full employment economy was compatible with price stability. Employers and many economists argued that employment had to be limited to avoid such inflationary pressures. This argument has continued to date and has considerably restricted the use and size of the economic and fiscal programmes. It has been feared that by "overheating" the economy through full employment, inflationary trends would be increased. A search was started for techniques for maintaining full employment without producing these consequences. The result was the growing conviction that improved facilities for increased occupational and geographical mobility of the labour force would greatly minimise the shortages, thereby retarding wage and price pressures. It was argued that if training facilities were adapted more directly to the rising labour needs and aid was provided to workers to move to the new jobs, there would be fewer labour shortages and full employment could be reconciled with the maintenance of a stable price level.

Simultaneously there developed a growing realisation that economic expansion was itself being inhibited by a labour force untrained and not distributed to the best advantage among the regions of the country. Skilled labour was required for many new jobs. Until these persons could be found, projects could not be started and production would be slowed. From this realisation came the pressure for larger and accelerated vocational educational programmes and increased stress upon the need of guiding the young to the newer expanding employments and of retraining the adults. Countries with less than full employment gained the understanding that, even in periods of moderate unemployment in an economy undergoing wide structural and occupational changes, workers could not at times be immediately found for all vacancies. One way of combatting unemployment and opening up a potential for new jobs even in such countries would be to supply and train the needed skilled, professional and technical labour. The training and education of people for current shortage and growth occupations were vital to economic growth. Moreover, the shifting pattern of economic activity required persons with new skills and knowledge who had to be recruited from the existing work force and the young. The educational system and the occupational training institutions had to be re-organised better to prepare and train people for the new employments.

In countries with full employment the great stress was upon finding people to fill the labour requirements of the growing economy. Various demographic conditions conspired to limit the size of the traditional work force. Employers and employment agencies therefore became eager to recruit new classes of employees. They turned to such groups as the older workers, the handicapped, married women, both with and without family responsibilities, rural population and immigrants. The process of recruiting and inducting these persons into employment was very different from the normal. Special efforts had to be made to enlist the manpower, training had to be especially provided, jobs themselves had in some cases to be redesigned or adjusted, employment conditions, such as hours, had to be adapted to their needs, special provisions had to be made for housing of incoming families, facilities for social adjustment were important to help some of these groups adjust easily and quickly and with a minimum of personal cost and friction.

In the countries with moderate levels of unemployment, a study of the long-term unemployed revealed that economic and fiscal policies directed to full employment would in themselves not provide the answer for all groups of employees. There were many among the unemployed who had to be retrained and refitted for employment in the new jobs of modern industry. These persons had suffered from many different limitations. In some cases it was illiteracy, lack of adequate education, poor health, personal and family tensions and problems, and in other instances it was lack of discipline and depressed morale or an absence of confidence and incentive. Full scale participation of these people in the economy called for a programme of personal, physical and social rehabilitation and adjustment. As a result, a whole set of new services were organised to aid these persons to achieve a level of competency which would permit them to compete in the labour market. Where discrimination stood in the way of their employment, the public authorities recognised a particular obligation to overcome, if not combat, this barrier to their absorption.

During the course of the post-war years, other new aspects of the employment problem projected themselves. Countries with almost full employment recognised that some industries were declining. They spelt in some instances disaster for the local areas in which they were concentrated. While the country as a whole might have been progressing, these areas lagged behind. While some of the younger and more mobile elements in the population could be induced to move out of these areas, large parts of the population remained immobile. The emigration of the more mobile would handicap the area in redevelopment. Other countries found that with every recession, unemployment in these problem areas became more serious.

The depressed areas became problems of national concern. The persistence of such areas inhibited maximum employment and prevented the maximum utilisation of the nation's resources. They became burdens rather than sources of strength to the national economy. Undeveloped regions became subjects of close study.

Several smaller countries in particular had in a number of instances come to the conclusion that industrial metropolitan areas were being over-expanded and that the shift of industry and economic development to new growth centres would be economically sound. Moreover, labour surpluses could be more fully utilised by bringing industry to these population groups rather than relying solely upon the mobility of people to the job. Out of the individual or collective considerations, there developed a wide interest in programmes for regional or area development.

The emphasis on full employment, together with the concern about the loss of labour and economic product resulting from unemployment and about the high cost of social maintenance of the unemployed, produced a renewed interest in finding ways of meeting and combatting seasonal and cyclical unemployment. These have varied from the use of general economic tools to governmental projects designed particularly to absorb the unemployed.

Another element in the concept of an active labour market was added most dramatically in the discussions leading to the adoption of the Resolution on "Full productive and freely chosen employment" policy at the 1961 International Labour Conference. The emphasis on "freely chosen" was a reiteration of the abhorrence of compulsion. "Forced labour" was repeatedly condemned; directed labour was castigated. But the concept of free choice of job was not merely a rejection of coercion, but a positive belief that men should be helped to choose effectively. Incorporated in this belief, are all the principles of those I.L.O. recommendations which stress the need of an effective employment service which is informed of the vacancies, immediate and prospective, capable of testing and advising and counselling with the applicants, able to provide the opportunities for the necessary training, able to assist financially in the movement of workers to jobs and otherwise assist people in their choice.

The second component of this concept was represented by the term "productive employment". It reflected the conviction that all persons should be able to move to jobs in which they can make their greatest economic contribution. Therefore, the employment and other agencies must be ready to serve all people whether unemployed, under-employed or employed. Moreover, the hoarding of labour had to be discouraged in order to assure such productive use of workers. And in all placement services, the most productive labour avail-ble should be referred to job vacancies.

The operation of an active manpower policy assumes an ability of the individual worker to maintain himself and his dependants in face of adversity, while he is being re-trained and re-adjusted to the new jobs, employments or localities. From this need stem the many efforts to redesign the social security systems to meet the needs of the active manpower policy. Persons undergoing training are to be paid maintenance benefits; individuals moving to new localities are to be paid travel and starting allowances; rehabilitation and medical costs are under-written by the community; social services are provided without cost to help in the restoration of normal personal and family relationships. Retirement and pension plans are redefined so that older persons who wish to continue in employment may even gain some ultimate pension advantages from this employment.

A final element of the active manpower policy has originated with the increasing consciousness of the need for integrating and co-ordinating the operation of the diverse elements into a consistent programme. Other concurrent considerations have reinforced this tendency. Many countries have developed centralised national economic policies and have even adopted deliberate systems of economic programming. These have implicitly recognised the need for agreement among the component programmes so that they could reinforce a common purpose. These countries have tended to move toward formulating an over-all national manpower policy based upon a full knowledge of the trends and facts and one built on a close study of the anticipated future developments, to which adjustment would have to be made.

To achieve the basic purposes which had been acquired through the years and which had become national objectives, the manpower programme would have to be directed by a central agency with powers of initiative and a high enough status among the major policy making agencies to exercise influence and possibly even direct responsibility for the administration of many or at least the principal tools for realising manpower purposes. Such concentration has become desirable since it is realised that the specific services and tools had to be applied with different emphasis and concentration under the varying circumstances and then with sufficient speed to anticipate reverses or to meet immediate needs.

The consummation of these different contributions has increasingly been recognised in the single concept of the active manpower policy which merged the various objectives into one integrated policy and provided for the centralisation of direction and centralisation of administrative authority necessary for their realisation.

ECONOMIC AND SOCIAL IMPLICATIONS OF AN ACTIVE MANPOWER POLICY

by E. Wight Bakke
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Although most countries in Europe and American provide, under governmental auspices, a wide range of manpower and employment services, by no means all of them can be said to have an active and positive manpower policy. What is it that distinguishes an active manpower policy from the mere provision of a set of manpower services?

To begin with, manpower and employment services have normally grown up one by one without reference to a single concept of purpose. An active manpower policy, however, implies that there be not just a set of partial programmes designed to meet specific and pressing needs at particular places and times, but that there be an over-all, unified manpower programme which is national or even international in scope, and which is concerned with the entire range of occupations and industries and with the long-range interests of workers, employers and the public, as well as with immediate problems.

Historically, manpower services have tended to be concerned primarily with relief for the unemployed, with picking up the fragments of broken careers. An active manpower policy on the other hand is concerned above all with preventing unemployment, with creating full employment, - a full employment in which individuals are working in a way that utilises their maximum potential, and enables them to achieve the greatest possible self realisation.

Full employment is not the only goal of an active manpower policy. Its scope includes other economic aims - growth, stable prices, higher productivity - and its function is to find ways in which manpower and employment services can contribute to these ends. Manpower is regarded as an economic resource which must be fully utilised in order to achieve these economic objectives. Unemployment, under-employment and the failure to utilise manpower to its full capacity are considered as an economic loss because they deprive the community of goods and services that might have been produced without such dislocations. As a result the costs of the employment and manpower services may be seen to be not only the total outlay for their activities but as that amount minus the value of goods and services made available as a result. Social consequences of manpower activities are viewed as by-products - albeit desirable by-products - of these economic objectives.

An active manpower policy implies that manpower and labour market matters are fully taken into account in making all economic decisions and that manpower policy is on an equal footing with fiscal, monetary and other policies in the achievement of economic objectives. It implies, moreover, concern not only with the supply of labour but with the demand for it, and therefore will be directed towards the employer's needs as well as the worker's, the employer's capacity effectively to utilise a worker's services as well as the worker's capacity to profit from his employment. An active manpower policy goes further - it is concerned with the interaction between supply and demand, and the expeditious bringing of the two together.

What is the role of manpower policy in achieving economic objectives?

In recent years the most actively utilised means of achieving full employment, steady prices, a stable currency, increasing productivity and economic growth have been general demand-generating or demand-restricting devices - fiscal, monetary and investment measures. As experience with the use of monetary and fiscal policy grows, however, it becomes increasingly obvious that these are blunt instruments which produce their inflationary or deflationary effects on all sectors of economic activity simultaneously. Such effects may be difficult to control. Moreover all sectors of the economy are not ordinarily equally in need of stimulation or braking; nor do they require such action at the same time. The value of manpower policy is that it can be used selectively when and where it is needed.

It has been suggested that manpower and employment mechanisms be used along with monetary and fiscal measures. A division of labour frequently mentioned is this: general demand-producing measures may be expected to keep unemployment below 4 per cent. Manpower measures, used selectively in those areas and sectors where they are needed, can then be expected to reduce the unemployment figure to less than 2 per cent.

But the need for an active manpower policy is not confined to periods of unemployment. It is equally necessary in a period of labour shortage. The task is not merely to meet the problem of unemployment but also to make it possible to "live with" full employment. The greater the obstacles to movement of labour, the larger the monetary wage incentives which must be offered to encourage voluntary movement in response to changes or increases in demand. Normally, expanding industries can justify attractive wage offers in terms of the marginal value productivity of added workers. But the wage offers of such industries may necessitate wage increases in other industries where they are not justified by increasing productivity. The result is the introduction into the economy of wage-push, inflationary elements. An active manpower policy has a tendency to mitigate such inflationary pressures.

Active manpower policy can also make a contribution to achieving greater economic growth, for growth requires an expansion in investment and foreign trade, improvements in technological equipment and processes - in short, spurts of productive energy which cannot be realised unless manpower resources of the quality desired are available in the quantity desired at the right time and in the right place. An active manpower policy not only anticipates manpower requirements but initiates efforts to facilitate the adaptation of manpower so that it will be available when and where it is needed. Thus it can make a significant, indeed crucial contribution to the health and growth of the economy. Because gainful employment obtained through the operations of the labour market in an industrial-business civilisation provides the material and frequently the spiritual foundation for living, a positive manpower policy also enhances the satisfaction and welfare of the citizens of a nation and increases its political stability.

The tools of an active manpower policy

How, specifically, can manpower policy be directed toward achieving the aforementioned economic objectives?

Historically the labour exchange has been one of the first manpower services to develop in industrialised countries. Its role is still central. But the concept of placement under an active manpower policy goes beyond the usual matching of job applicants with job openings. It demands active recruiting when the labour reservoir is inadequate; the upgrading of under-utilised manpower (the handicapped and the aged, for example) and bringing new manpower potential - married women, foreign workers and others - into the labour force. It involves developing their skills so that they can fulfil what is potentially their most productive role. In order to encourage economically desirable movement of labour between geographic areas, occupations and industries, labour market authorities have several means at their disposal. Where present skills possessed by workers are inadequate to equip them for a new job, manpower authorities will be concerned with providing new skills through retraining. Where mobility is limited by inability pay the costs of movement, there may be provision of various kinds of maintenance, removal, family and starting allowances.

In order to ensure harmony between future supply and demand, administrators of an active labour policy keep abreast of industrial and occupational trends and of changes in skill requirements. Anticipating the need for future adaptation, they attempt to influence the character of vocational education and apprenticeship training, and to provide prognostic research information to all economic planning and operating agencies of government (as well as to private enterprises and agencies).

Amplifying the quantity and quality of the demand for labour, another central concern of manpower authorities, means considering and analysing employers' needs and capacity to utilise workers' services. It also means providing increased employment opportunities in various ways. Seasonal unemployment - as it occurs, for example, in the building and food processing industries, in forestry and fishing - may be tackled through research into the ways in which private employers can even out production; through the timeing of public works and construction projects; through the provision of subsidies to encourage production during slack seasons; through the issue of building licences.

Structural unemployment may be tackled on the demand side by promotion of and active participation in community development and redevelopment projects, by encouraging (and/or controlling) the movement of private and public industry to labour surplus areas, and by influencing the allocation of government purchases.

Organisational and operational prerequisites of an active manpower policy

In order to be successful, a manpower programme must be recognised by political, business and union leaders as equal in status to other economic programmes - those in the domain of fiscal and monetary policy, production, investment and trade - and it must be accorded support commensurate with that status. It must have a steady allocation of resources rather than one which grows larger in periods of labour surplus and smaller in periods of shortage, and its administrators must participate in all the economic deliberations in which decisions are made that affect manpower or employment.

For this, the total set of manpower and employment services needs to be unified, co-ordinated and integrated under one command, under one agency. Manpower services must speak with a single voice. If, for political reasons or because of some other practical consideration, complete integration is impossible, manpower services must at least have authoritative liaison representation in the deliberations of other economic agencies when they are considering matters that affect the labour market.

Second, the efforts of the labour market authorities must be directed to the operation of a national (and, where relevant, international) labour market as well as that of local and regional labour markets.

It is true that manpower services on the whole owe their origin to the initiative and efforts of people whose horizon was the local labour market; and the efforts of these people are still required for the development of manpower services. It is the local manager of the employment office who gives life to policy decisions. He must view the local labour market in its relationship to community life as a whole, something which the central director of an employment service, removed as he is from daily intimate contact with the thousands of different localities involved, can never do as effectively. It is also true that the bulk of the business of employment and manpower services is bound to be at the local level where employment actually takes place. Unless there is adequate attention to local consirations, pressures will be exerted by local leaders, trade union officials, businessmen, and political representatives.

Nevertheless, an active manpower policy cannot limit itself solely to local markets; for manpower and employment considerations play a role in international policies and programmes; and factors which affect the national or international scene do not always filter down to the local level. Excessive focussing on local problems tends to create local opposition to these national and international policies.

Moreover, actions that originate in one locality (for example the automation of technical processes) often have repercussions over an area far wider than that of the local labour market. Encouraging mobility of workers, for example, cannot possibly be handled purely locally, nor can the development of a regional urban centre. Action at the local level must be within the framework of national labour market considerations. Only in this way can local operations be fully effective.

Another prerequisite of a successful manpower programme is that services be provided not only for the hard-to-place among the unemployed but for any and all workers. As there have traditionally been many alternative ways for individual workers and employers to arrange contracts of employment and to obtain the services provided by public agencies, it is perhaps inevitable that the clientele of public agencies should include a large number of those who are at some kind of disadvantage. But an active manpower policy cannot be implemented unless the clientele of the employment agencies is as representative as possible of the labour force as a whole. Even those who are at some disadvantage will be better served if such broad coverage is sought.

If the employment and manpower services have a representative clientele, these services will be more widely used by employers. Greater voluntary use of the services by both employers and employees means a greater number of alternatives for the adjustment to each other of demand and supply of labour.

Another condition of operational effectiveness is that the placement of workers be governed solely by the principle of referring for employment the best qualified workers in terms of the skills required by the employer. This means refusal to acknowledge the preferences of employers as to creed, race or colour where such discrimination is considered contrary to public policy.

In short an active manpower policy implies that an agency concerned with manpower be at the very heart of the nation's efforts to make more productive, effective and just the operation of the economy and of the society; that this agency have the special knowledge, the will and the power to fulfill these objectives. The administrators of this agency must understand the relevance of their tasks to over-all national economic and social goals; they must base their operational decisions on stable premises rather than on shifting pressures; they must constantly analyse the nature and quality of the nation's manpower and its relationship with other productive resources; they must anticipate the opportunities and problems of adaptation revealed by such analyses, and, most important, take the initiative in prescribing measures that will turn problems into opportunities. An active manpower policy implies that these administrators create, through their efforts, so widespread a recognition of the significance and contribution of their role that their voice is heeded in the making of every major decision.

The social benefits of an active manpower policy

The development, marshalling and employment of the nation's manpower resources is an economic task. But it is a task which cannot be accomplished without consideration of the fact that manpower resources are in reality human beings, individuals with human motivations and aspirations and with a potential for accomplishment that goes far beyond their ability to work. The economic task cannot be carried out without an awareness of its impact on the lives of individuals and on human institutions. But these considerations in the present context must be considered as constraints on and conditions of action, not immediate operational goals.

The question, however, may be asked. Are there no individual and social welfare benefits to be derived from an active manpower policy? The answer to this question is that there are. But the benefits are derived from the economic achievements. Gainful employment and its rewards are the foundation for most of the material, social and spiritual satisfactions of living for workers and their families. The welfare aim of government in manpower affairs is first and foremost to establish conditions for obtaining work which will enable individuals through their own initiative and effort to make the best of their potential. Efforts toward that end are made with the welfare of all citizens in mind, the employed as well as the unemployed, the strong as well as the handicapped, the skilled as well as the unskilled, the work givers as well as the work takers. Those workers whose low level of well-being stimulates our humanitarian feelings benefit no less than other workers from such an orientation of labour policy. They benefit not only from the specific measures employed but also from the amplified opportunities for work and the greater degree of economic security achieved through such a policy. The dignity of human beings is not achieved by its proclamation. In a working world it is dependent among other things on the ability of individuals to find and to do work which, both in the doing and in the rewards for doing, provides the opportunity for personal achievement of that human dignity.

This may not be all individuals need. Nor does meeting this need define the limits of the welfare activities appropriate to government. But in a world in which men must work for a living and must on the whole find an employer in order to do so, the functioning of the economy in general and the labour market in particular sets limits to the degree to which social welfare can be achieved by any individual either through his own efforts or the efforts of others, including government.

The problem of free choice

One very important yet rarely discussed consideration in manpower policy is the freedom of choice which can be exercised by workers and employers.

Freedom to choose one's work is important not only for economic reasons but from the point of view of the maintenance of a just and equitable society, for it is the basis of freedom to live after one's individual desires. Free choice of work has an impact therefore not only on economic institutions but on the psychology and habits of individuals, on non-economic institutions, - political, religious, educational and **family** - and even on the central values that individuals in our culture seek to realise through those institutions.

It goes without saying that a compulsory or managed movement of labour in peacetime is abhorrent to the principles of any free society. But the movement of labour need not be genuinely free simply because it is not managed or compulsorily directed by a government agency. An active manpower policy aims at making the movement of labour genuinely free, that is it actively attempts to remove the obstacles to free choice. To those who are inclined to think in terms of economic theory, this aspect of an active manpower policy may be characterised as restoring to the labour market, by government action, the approximation to "perfection" assumed in laissez-faire political theory but made impossible because of inequalities in possession of knowledge, opportunity and financial resources produced by the laissez-faire economy in practice. A choice that is limited by narrow alternatives is not genuinely free; an active labour market policy attempts to enlarge the scope of workers' applications and employers' job offers so as to widen the possible alternatives. A choice of a job without specific knowledge about that job is not genuinely free. An active manpower policy attempts to increase the available knowledge about jobs being offered (through job analysis, for instance) and about specific employees (through testing). A choice is not genuinely free if it is limited by one's present skills when these are not in demand. The provision of training and retraining facilities enables a worker to widen his ability to perform when jobs are available. A choice is not genuinely free if one cannot afford to make a change. Providing various allowances means that choice will not be limited by inability to pay the costs of desirable movement.

COMPARISON OF NATIONAL MANPOWER POLICIES

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INTRODUCTION

Historical background of employment policy

Governmental economic policy has for many years been based on the theory of business cycles.

According to this theory, periodic economic crises entailing unemployment and under-employment were regarded as inevitable. It was not until just before the Second World War with the theories of J.M. Keynes that economic policy took a new direction. It was then no longer accepted that full employment would automatically keep the economic forces in balance. The need for sustained State intervention in the economy began to be stressed.

Aim of employment policy: full employment

A few attempts at an employment policy were made between the two wars, particularly after the great depression. Since the end of the last war, more and more countries are paying increasing attention to employment policy, and, in the light of their experience and the new theories, have undertaken under international treaties to promote an employment policy. The United Nations Charter, the G.A.T.T., the International Monetary Fund (I.M.F.), the O.E.C.D. and the

Free Trade Area (EFTA), among others, refer to a policy of full employment. The results have been impressive. Since the end of the war, annual unemployment figures of 2 per cent and sometimes even less than 1 per cent have been recorded in a number of major countries.

Problems raised by full employment

However, the high level of employment has created completely new economic and social problems. A policy making use of all the existing economic instruments (credit, budget, taxation, currency, investment) may of course sufficiently increase demand to make it possible to achieve or approach full employment. But new difficulties then arise: the growth rate must be both sustained and adequate. Sustained because labour itself is a decisive factor in economic growth under conditions of full employment. Growth can only be assured through the rational utilisation of labour, which must therefore be extremely adaptable. It must be ready to switch rapidly to new activities, new areas and new branches of industry. The reserves represented by marginal groups should not remain unemployed. Seasonal fluctuations should be evened out.

The rate of growth must also be adequate. If it is too small, it increases the danger of inflation and is a threat to full employment. In fact, bottlenecks will have arisen before the demand created by general economic policy has fully spread to all sectors of the economy. Economic equilibrium will then be endangered and it will be impossible to ensure full employment. The real cause of such a low rate of growth - and therefore of the difficulty of maintaining full employment - is lack of attention paid to manpower policy. But even in cases where this is not generally agreed, the labour factor proves essential.

Admittedly, it seems difficult at one and the same time to achieve full employment, adequate economic growth, the continued stability of purchasing power and a healthy balance of payments in a country which is very dependent on foreign trade. Doubts of this kind are even to be found in documents as important as the Treaty of the European Economic Community and the O.E.C.D. Convention, which have avoided making full employment one of their aims.

This does not of course, mean that full employment cannot be achieved: but the fact that it is no longer set as a target nevertheless gives food for thought. Although promising attempts have been made in various countries to find a solution to this problem, the tendency nowadays is to aim less at full employment in order to avoid its dangers.

Towards a definition of manpower policy

In the light of this trend, the 1948 I.L.O. Convention must be regarded as very advanced. It already pointed the way to a solution of the problems raised by the achievement and maintenance of full employment. Since then, and in contrast to the older Convention of 1919, which saw no need to assign an economic role to the placement service, the 1948 Convention takes the view that the organisation and activities of the employment service make it possible to formulate a manpower policy programme. This must then be adopted as an integral part of the national programme for the achievement and maintenance of full employment and the development and efficient use of productive resources.

It is astonishing to find that we have diverged from the undertakings so willingly assumed after the second world war. Yet the measures offered by manpower policy as understood by the 1948 I.L.O. Convention are far from exhausted. Some moreover have been successfully applied. Lastly, all the O.E.C.D. Member countries - with a few exceptions - have ratified the Convention.

Nevertheless, the manpower policy idea is being given special attention both in the I.L.O. and the O.E.C.D., and a paper on employment policy is being prepared by the former.

The O.E.C.D. particularly stresses the importance of measures concerning labour in order to maintain adequate economic growth and the stability of purchasing power.

The O.E.C.D. Manpower and Social Affairs Directorate is doing its best to speed up acceptance of the need for a manpower policy.

In November 1962, the O.E.C.D. Council of Ministers stressed the importance of manpower policy measures for the achievement of an economic growth rate of 5 per cent per annum.

CONCLUSIONS

These efforts, like all those taken by international organisations trying to solve a problem, are based on the fact that appropriate measures have met with success in a number of countries. Thus, starting from the concept that labour becomes the key factor in production as full employment is approached and to a large extent determines the rate of growth, the O.E.C.D. Member countries have worked out a series of measures which may be regarded as the basis for a modern manpower policy.

GENERAL PLAN OF THE REPORT

These measures and their incorporation in manpower policy are in fact the subject of this report.

We shall endeavour:

(i) to describe the manpower policy concepts developed in international treaties and the extent to which they have been applied;

(ii) to see how these activities can be co-ordinated in a general manpower policy;

(iii) to assess the contribution of manpower policy towards the achievement and maintenance of full employment within the meaning of the 1948 I.L.O. Convention;

(iv) to draw conclusions with regard to the necessary development of manpower policy.

The material available for this study was very disparate. It was drawn from various reports and papers which were not always as complete and up-to-date as we would have wished. The present report should therefore be regarded as no more than a first attempt to make manpower policy a usable instrument of economic and social policy. Before a complete analysis can be made we shall have to wait until all the O.E.C.D. Member countries, prompted by the Manpower and Social Affairs Committee, have made studies similar to those already made on the United States and on Sweden.

THE O.E.C.D. COUNTRIES' ACTIVITIES IN CONNECTION WITH MANPOWER POLICY

INTRODUCTION

The O.E.C.D. countries' activities in connection with manpower policy cover a wide field, ranging from the preparation of documents and information to direct action designed to influence the supply of and demand for labour.

I. Definition of these activities

The main activities of the O.E.C.D. countries in connection with manpower policy are already to be found in I.L.O. Convention No. 88 of 1948, concerning the organisation of the employment service. Recommendation No. 83 of the same year describes them more fully.

Finally, the I.L.O. paper on employment policy now being prepared deals very thoroughly with measures relating to the demand for labour.

According to the above-mentioned document the following may be regarded as manpower policy activities:

- the placement service
- vocational guidance
- the promotion of occupational mobility
- the promotion of geographical mobility
- measures on behalf of handicapped workers and other deserving groups

- measures relating to regional employment problems
- measures relating to seasonal employment problems
- measures relating to employment problems in certain economic sectors
- preparation of forecasts on the labour situation
- preparation of other documents, particularly on the occupational situation.

Thus, the simple placement service foreseen by I.L.O. Convention No. 2 of 1919 is supplemented by a whole series of additional activities which together constitute what is generally known as the employment service.

These additional activities are essential to the accomplishment of the main task entrusted to the employment service by I.L.O. Convention No. 88, namely to ensure, "in co-operation where necessary with other public and private bodies concerned, the best possible organisation of the employment market as an integral part of the national programme for the achievement and maintenance of full employment and the development and use of productive resources".

II. Functions of the employment service

Such an employment service meets the needs of the economy and makes an important contribution towards the maintenance of full employment. However, it goes without saying that the aims of social assistance retain all their importance nonetheless.

(a) Importance

It is clearly recognised that, in order to solve economic policy problems, man as a worker must be regarded as at least as important as any of the other factors of production. However, traditional economic policy has so far dealt only with the latter and, here again, not fully enough. Manpower policy is the link between economic policy and social policy, and the absence or inadequacy of its development has already given rise to many disturbances in economic and social life.

(b) Interest shown in the various countries in the employment service

There are still many misunderstandings with regard to the function of the employment service and its manpower policy. It should not be forgotten that the development of an active manpower policy dates from only just after the second world war.

Furthermore, several countries already regard manpower policy both in theory and in practice as a branch of economic policy(1). It is the O.E.C.D.'s great merit, despite its very recent creation, to have greatly helped to spread this idea.

(c) Divergence of views on the role to be assigned to the employment service

The misunderstandings take the most diverse and even contradictory forms. Their very existence shows that much remains to be done before we can understand and get others to understand what is meant by an active manpower policy.

1. Where full employment is achieved

It is sometimes thought that, in periods of full employment, the employment service has no function to perform, for the simple reason that there are practically no unemployed in need of help. It is therefore argued that its departments and staff should be reduced. This point of view, which still finds support among economic policy experts, shows clearly that the concept of a relationship between economic growth, labour and the conditions of full employment is gaining ground only slowly. Those who hold this view look upon the employment service as no more than the successor to the former unemployment insurance service.

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(1) Gösta Rehn: "Arguments in favour of developing labour market policy as an instrument of economic progress", report to the Conference of Senior Economic Advisers , E.C.E., 20th-24th March, 1961.

2. Where full employment is not achieved

In countries and periods where full employment is manifestly not achieved, it is too often thought that modern concepts of manpower policy are incapable of helping the economy and that the thing to do is to raise the demand for labour to the point where unemployment will be absorbed. But this overlooks not only the fact that measures directly and selectively procuring employment are much more effective in dealing with unemployment than general policy measures, which should not of course be neglected, but also the fact that underlying the low level of employment in both developed and developing countries is the lack of occupational and geographical mobility of labour. The promotion of mobility is in fact one of the major aspects of a manpower policy.

Thus, an O.E.C.D. publication(1) on accelerated vocational training points out, following an experiment in Italy, that the achievement of full employment is greatly hampered by the lack of training.

CONCLUSIONS

The economic role of the employment service is basically ill understood. Too often it is regarded simply as a placement service whose sole object is to keep supply and demand in balance.

But this concept is being increasingly challenged both in theory and in practice. The best proof of this is to be found in the description given below of manpower policy achievements in the spirit of O.E.C.D. international agreements.

As we have already said earlier, the information available is not sufficient to provide a complete picture and we can do more than cite certain countries as examples.

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(1) "Accelerated vocational training", E.P.A. project No. 6/08, page 319. O.E.E.C., Paris.

A. DESCRIPTION OF MANPOWER POLICY ACTIVITIES

We shall describe the various activities connected with manpower policy as they have developed in practice in the employment service. This will form the first part of the chapter.

In the second and more theoretical part we shall deal with the basic machinery for developing and shaping a general manpower policy.

EMPLOYMENT SERVICE

According to I.L.O. Convention No. 88, the employment service is responsible for developing the policy aimed at directing manpower to vacant jobs.

For this purpose, the employment service should be so organised as to ensure the effective recruitment and placement of workers.

Employers and workers should be encouraged to make full use of the employment service on a voluntary basis.

Apart from Austria, Ireland, Iceland, Portugal and the United States, all the O.E.C.D. Member countries have ratified this Convention. As is shown by comparison with the standards drawn up by the O.E.C.D., most Member States have succeeded in developing their employment services on sound technical lines.

Occupational classification

The O.E.C.D. Recommendation suggests that the employment service should possess systematic occupational classification. This would enable note to be taken both of applicants for jobs and vacancies and close relations to be established in consequence between the activities of the employment service and the requirements of the labour market.

Occupational information will be discussed in greater detail at the end of this chapter. It may be noted in passing, however, that the O.E.C.D. recommendation has not generally been complied with, even in regard to its minimum requirements. It would therefore seem that this recommendation needs to be revised. Employment classification systems, and even those which contain job descriptions, are not generally regarded as providing sufficient information.

It should be noted, however, that two countries only, Italy and Denmark, consider occupational information to be useless: Italy because of the labour market situation (abundance of labour) and Denmark owing to the already very detailed occupational breakdown used in the placement system. This is in the hands of the trade unions, but a placement system of this kind necessitates special arrangements for inter-occupational placement which do not seem to have been adequately provided for in Denmark.

Tests

Although the O.E.C.D. recommendation makes no reference to tests, they are mentioned here because of their importance.

Nearly all the countries, apart from Greece, Luxembourg and the United Kingdom, make use of tests in order to judge the suitability of an applicant. But, most of these countries use them only in difficult cases and even in the vocational guidance of young people only doubtful cases are given tests. France and the Netherlands are exceptions: in these two countries every school-leaver who consults a vocational guidance officer is given a test.

Interview

The O.E.C.D. recommendation provides for a confidential interview, to get to know more about the applicant and give him information about the job.

Applicants are interviewed in the various countries, except in Italy and Denmark. Only young workers are interviewed in Italy, while questionnaires are generally used in Denmark.

Registration of applicants

The information obtained from the interview and from any tests that may have been given is recorded. It includes particulars of the applicant's personality, his occupation or other occupations that might suit him and various other points. Registration at the employment agency, placement results, etc., should also be noted.

The Member countries comply with these provisions. But Denmark, Switzerland and the United States have no regular system of registration.

Registration of vacancies

Every vacancy must be noted on a printed form. The notes should include information on the work, the terms of employment, the address where the applicant is to call, etc. This provision is complied with in most countries, except Denmark, Italy and Switzerland.

Vocational guidance

Those who wish to change their occupation or who are entering the employment market for the first time should be able to find assistance. This is the purpose of vocational guidance. First, the applicants must be assessed and then informed of the employment opportunities available so that they can make their choice. Applicants should also be informed of the vocational training opportunities open to them.

Most countries follow this rule. However, some difficulty is noted in Denmark when it is wished to change from one occupation to another as the trade unions run the employment service. Vocational guidance is not considered necessary in Ireland, and in Greece no information is given on training opportunities.

Vocational guidance will be dealt with in greater detail later.

Selection and placement of applicants

Applicants should be selected according to their occupational qualifications and, where these are equal, social priorities might be taken into account. The placement service contacts employers who may have corresponding jobs that have not been registered with the placement services.

The Member countries comply with these provisions. In the United States, however, qualification does not seem to be the main criteria for recruitment.

Relations with employers

Each local employment office should keep in regular touch with the employers in its sector. A card index of firms should be kept and regular use should be made of publicity.

The Member countries comply with these provisions, apart from Denmark, where no regular contact exists.

Clearance

(a) Definition

When vacancies cannot be filled by local employment offices, they should be notified to other services at national level. This procedure should operate rapidly and flexibly. In addition, it should be possible at national level to know which local offices can provide skilled applicants for vacancies. It is necessary for this purpose to collect all relevant information on the labour market situations and to make it available to all the services which have vacancies.

Clearance is generally arranged in the first place between neighbouring regions and only later at national level. The vacancies and working and living conditions must be carefully described. With a system of this kind, vacancies could be filled within a fortnight.

Finally the scheme should be supplemented by the circulation of information on workers who might take up employment in distant regions.

(b) Application

Generally speaking, the system is mainly concerned with vacancies. Only France and the Netherlands attach equal importance to the provision of information on applicants.

All the countries have clearing systems which largely comply with these provisions. But the emphasis placed on the different aspects of the scheme varies with the country as does the extent to which the scheme is applied. Not much use is made of it in Ireland, for example, owing to lack of vacancies, or in Switzerland owing to lack of applicants. In Italy, so little use is made of clearing arrangements that it was not thought necessary to set up a national system, and it is not so far known whether the abolition in 1961 of restrictions on the free choice of residence has led to any change in the situation. Nor does there seem to be much recourse to clearing arrangements in the United States.

In Denmark, the fact that the employment service is organised by the trade unions not only makes occupational clearance more difficult but regional clearance as well. The trade union insurance bodies which operate as employment services have to notify unfilled vacancies to the public employment service each month. The latter then tries to find suitable applicants to fill them. A vacancy may be offered by the insurance body to a non-union worker if he joins the union within one week. Vacancies away from the applicant's home area are generally offered by the public employment service.

VOCATIONAL GUIDANCE

(a) Definition

I.L.O. Recommendation No. 87 defines vocational guidance as assistance given to an individual in solving problems related to occupational choice and progress, with due regard for the individual's characteristics and their relation to occupational opportunity.

Vocational guidance is based on the free and voluntary choice of the individual. Its twofold purpose is to give the individual full opportunity for personal development and satisfaction from his work and to promote the most effective use of national manpower resources.

(b) Preparation for guidance: occupational information

Occupational information prepares the way for vocational guidance; in the case of young people, this preparation is carried out at school; the employment service therefore co-operates with the schools. Except in Italy, the schools always provide reports on their pupils. Officials from the employment service or specialists in certain occupations give explanatory talks in the classroom.

Tests are another important accessory to vocational guidance as they help to determine the applicants' qualifications; they supplement occupational information and the individual guidance interview. In all the countries, except the United Kingdom, the local guidance services use intelligence tests, though in widely varying degrees. It should be added that test facilities are also available for adults.

Some vocational guidance services have the necessary staff and premises to carry out the tests themselves. Others make use of the facilities of outside organisations. In some countries, such as the Federal Republic of Germany, the Netherlands and Austria, the vocational guidance service employs psychologists.

(c) Methods of application

Vocational guidance by the public employment service in the O.E.C.D. countries is in fact based on these principles. The only Ministry responsible for vocational guidance in all the countries for which information is available is the Ministry of Labour. In France, however, the guidance given to young people under 17 years of age is the responsibility of the Ministry of National Education, and in the United States the Department of Labor and the educational services share this responsibility.

Vocational guidance is not the exclusive province of the public administration. In some countries, private services engage in vocational guidance, but the existence of a public vocational guidance service is indispensable, as such guidance should be available to all without distinction.

In order effectively to attain its objectives, vocational guidance should be based on a thorough knowledge of the labour market. The local employment service is therefore best able to provide this service as it has precise knowledge of the labour market and can thus give the applicant shrewd advice. It is for this reason that vocational guidance is in all the countries the responsibility, and in most of them, the exclusive responsibility of the local employment service. Switzerland seems to be the only exception.

In most countries, the same administrative machinery is used for both the placement service and vocational guidance.

The O.E.C.D. countries largely comply with the provisions of I.L.O. Recommendation No. 87 on vocational guidance.

In all the countries, vocational guidance is mainly adapted to the needs of young people, who are thus able to choose on leaving school between vocational training or taking up employment immediately. The vocational guidance officers of the employment service are primarily concerned with these young people. On the other hand, in most countries, the guidance of adults is mainly the task of the officers of the placement service. For adults, the adviser should have a very thorough knowledge of the labour market in order to meet the needs of individual cases.

Examples

Sweden and the Federal Republic of Germany are the only countries which automatically direct all those in need of guidance to a vocational guidance service.

In most countries, owing to the importance of their task, vocational guidance officers engage in no other activity. In some countries, however, vocational guidance officers place apprentices. This is not the case in France and the Netherlands, but in the United Kingdom vocational guidance officers help to place young people up to the age of 18.

Such is the present state of development of vocational guidance activities.

VOCATIONAL TRAINING

(a) Definition

Since 1962, an international agreement, I.L.O. Recommendation No. 117, concerning vocational training, has replaced the three former recommendations of 1939 and 1950.

According to the 1962 recommendation, vocational training is not an end in itself but a means of developing a person's occupational capacities, due account being taken of the employment opportunities, and of enabling him to use his abilities to the greatest advantage of himself and the community (Article 2).

Article 4,paragraph (2) states, in addition, that training facilities should be co-ordinated and arranged on the basis of a general programme.

(b) Basic training programmes

When preparing training curricula, special care must be taken to provide the individual with a training covering all aspects of the occupation.

For this purpose, care should be taken in long-term training:

(i) to enable the trainee to acquire a wide grasp of the theoretical principles underlying the practice of his occupation;

(ii) to avoid specialisation in the early period of training (Article 18).

(c) Present application

However, in this field, neither the training of young people nor that of adults corresponds to modern requirements. The Commission of the European Economic Community (E.E.C.) observes, for example, in its report on the situation in 1961 that the Member States too often provide a makeshift solution to the problem of vocational training.

Generally speaking, it is the firm itself which gives young people their training, so that this is specialised and, unlike the training of adults, does not facilitate easy adaptation to a change of occupation. In a few countries such as Austria and Belgium, employers may train people without wishing to employ them afterwards. Those who have been trained are free of all obligation after their apprenticeship. However, they often merely provide a cheap labour supply for the generally small handicraft firms which train them.

To remedy this situation, some countries organise the first part of the vocational training of young people on a wider basis by establishing special workshops or vocational training centres (the Netherlands and the United Kingdom, for example).

The school-leaving age is raised for the same reason. However, all this is only a beginning and new training methods will no doubt have to be found in order to give the individual the actual training he will need throughout his working life /Article 2, paragraph (3)7

(d) Further training

Once this basic training has been acquired, adults should be given very extensive opportunities for further training. The following countries already make a practice of providing vocational training for adults in the context of their manpower policy, and are no longer content to provide such training facilities for the unemployed alone: Denmark, France the United States (Area Redevelopment Act), Norway, the Federal Republic of Germany and the United Kingdom. In the United States (under the Trade Exapnsion Act), France, the United Kingdom and Sweden, the trainee receives a sort of minimum wage during training. In Denmark, an allowance is paid which is equal to unemployment benefit, even where the trainee has no legal right to the latter. Finally, other advantages may also be granted, such as social insurance (at least in part), contributions towards travelling and holiday expenses, etc.; training is generally free.

Thus, the main provisions of the recommendation are complied with: (1) free training in public establishments, (2) adequate remuneration during training and (3) reimbursement of expenses incurred during training. The I.L.O. Convention stipulates in Article 7(3) that an adequate allowance should be paid to adults during training. This recommendation is already applied in France, the United Kingdom and Sweden, for example, where amounts in excess of unemployment benefit are paid.

In the case of young people, the provisions to facilitate their training - financial subsidies and the establishment of hostels - are largely complied with. Thus, allowances are paid, in particular, in Austria, Denmark, Norway, the Netherlands, the Federal Republic of Germany, the United Kingdom and Sweden, and accommodation has been built for apprentices in Denmark, the Federal Republic of Germany Switzerland and Sweden.

(e) Accelerated training

Article 55 envisages the possibility of providing accelerated training, for example, in order to meet the urgent need for trained manpower, or to quicken the rate of industrialisation, or again in order to provide employment for certain categories of the population when the need is felt. This provision is applied in many countries: Denmark, France, Norway, the Netherlands, the Federal Republic of Germany, the United Kingdom and Sweden.

(f) Adaptation of training programmes to the labour market situation and individual abilities

Article 16(1) states that the training curriculum should be worked out on the basis of a systematic analysis of the work, skills and knowledge involved in the occupation concerned, due account being taken of developments and foreseeable changes therein. The training establishments for adults run by the employment service meet these requirements.

A few countries take note of observations by the employment service, and courses are based on thorough investigation and thus correspond to market requirements. Economic forecasts and the number of vacancies and applications for employment are already used in some countries as a guide for the long-term training of young people.

Thus, in the Netherlands, a third technical training establishment is to be set up which owes its origin and even its location to manpower policy estimates. In France, an attempt is made to establish a quantitative relationship between the numbers trained and future requirements.

It is also very important to advise young people who wish to receive a training in full knowledge of the facts, in order to reduce to a minimum the risk of training them in occupations for which they are not suited and the consequent risk of wastage of effort (Articles 13 and 14). The vocational guidance services are in a position to meet this requirement. Thus, in a few countries, apprentices are generally seen by the public vocational guidance service before being taken on (Federal Republic of Germany, the Netherlands).

The selection of adults is also made according to rational criteria when handled by the employment service. This is the case in Denmark, France, the Netherlands and Sweden.

CONCLUSION

Efforts are being made to organise vocational training on sufficiently flexible lines to enable it to meet the needs of the workers and the requirements of the national market.

GEOGRAPHICAL MOBILITY

(a) Importance

Although most O.E.C.D. countries have developed a regional policy, the real solution to employment difficulties lies in the mobility of labour. Manpower mobility can go hand in hand with regional development as it facilitates the transfer of the skilled personnel needed in developing regions.

The geographical distribution of the population in all the countries is changing continually and relatively rapidly. The employment services have therefore worked out measures to reduce the disadvantages to workers of a change of residence.

The I.L.O. Convention on the organisation of the employment service also invites States to take appropriate steps to facilitate transfers of manpower to regions offering suitable employment opportunities. Similarly, temporary transfers should also be encouraged [seasonal migration, migration in connection with the installation of firms in developing regions which require workers for key positions (e.g. the United Kingdom, the Netherlands)].

(b) Measures to facilitate mobility

Financial help is often provided. This may take the form of an allowance for travelling expenses, as in Belgium, the Federal Republic of Germany, France, Denmark, Norway, Austria, Sweden, the United States and the United Kingdom; or a contribution towards removal expenses as in Belgium, the Federal Republic of Germany, France, Norway, Sweden, the United States and the United Kingdom; a second residence allowance may also be paid, as in Denmark, Austria, Norway, the Federal Republic of Germany, the United Kingdom and Sweden.

Assistance is also provided in some countries until the first pay day. In other cases, initial or installation allowances are paid without reference to actual expenses (Belgium, the Federal Republic of Germany, France, Norway, Sweden, the United States).

The construction and purchase of housing are also encouraged in order to facilitate manpower mobility. However, the shortage of existing housing is without doubt one of the major obstacles to any real development of labour mobility. For this reason the employment services in the Federal Republic of Germany and Sweden themselves provide accommodation for workers. In Norway, the State Bank and the Ministry of Labour subsidise the construction of workers' housing in order to increase labour mobility.

In France, the redeployment of repatriates from Algeria is facilitated by the preferential allocation of housing. In the United Kingdom, the Board of Trade may grant subsidies or loans for the provision of housing in newly developed regions.

In Denmark, loans are granted to facilitate the purchase of houses by workers.

(c) Importance attached to these measures

Although the various countries generally accept the principle of a subsidy or allowance, the importance attached to these measures nevertheless varies considerably. In Sweden, the regulations are particularly generous and the initial allowance may be as much as $390. Norway has also paid similar allowances in the last few years.

In some countries, these allowances are not restricted to the unemployed but are also granted to workers in employment. This is the case in the Netherlands and the United Kingdom when workers in key occupations transfer to newly developed regions. In Norway, applicants receive allowances when they agree to work in a particularly important occupation.

CONCLUSION

It would be highly desirable to continue the efforts to increase the mobility of labour.

MEASURES ON BEHALF OF CERTAIN GROUPS

Definition

In all the countries, certain groups of workers raise special problems for the employment service. These workers are in some sort a manpower reserve which may become of real economic significance in the event of a shortage of manpower. I.L.O. Convention No. 88 studied this question and stipulated that measures should be taken "to meet adequately the needs of particular categories of applicants for employment, such as disabled persons. Special arrangements for juveniles shall be initiated and developed within the framework of the employment and vocational guidance services".

1. Handicapped workers

A few countries have already passed laws which guarantee a certain percentage of jobs for the handicapped (France, Austria, the United Kingdom). In some countries, such as the Netherlands, the United Kingdom and Sweden, special workshops have been opened to provide temporary or permanent work for handicapped persons who are unable to work in normal conditions. Certain special kinds of public works are also undertaken to provide employment for the partially disabled (Netherlands, Sweden).

Most countries pay particular attention to such persons and some have set up special placement services on their behalf.

2. Older workers

In the case of older persons, the measures taken are generally limited to special efforts with a view to placement.

3. Men released from military service

Nearly all the countries make special provision for men released from military service. Some have made arrangements for their re-employment by their former employer (Austria, Belgium, the United States, Greece, Italy, Luxembourg, Norway, the United Kingdom, Sweden).

In the United States, the efforts made on behalf of demobilised men fall under the heading of measures taken to facilitate labour mobility, which are in any case hardly ever used.

In general, men released from military service are always assisted by the ordinary placement services and the vocational guidance and adult training services.

4. Female labour

The normal departments also deal with the employment of women, who represent an important reserve of labour. Special attention is paid to adult training for women.

CONCLUSION

These measures have both considerable economic and human value. They contribute towards the over-all balance of the labour market.

EMPLOYERS' SERVICES

This report may have given the impression that manpower policy activities are to all intents and purposes concerned only with the workers and that the sole purpose of relations with the employers is to ensure that the workers get the best possible service.

However, this impression is false as, in the last resort, the services given to the workers also concern the employers. The fact that the role of the employment service is to channel workers with the necessary skill and interest into the jobs available is as much to the employer's advantage as it is to the wage-earner's.

In addition, however, the employment service includes services set up entirely for the benefit of the employers.

In some countries, such as Austria, the United Kingdom and Sweden, special services are responsible for advising employers on the choice of a site for a new undertaking. Subsidies or low-interest loans may be granted direct by the employment service or in its name (in Federal Germany, for example). The services responsible for the general co-ordination of building work are in touch with the labour market situation and are able to advise contractors on the best date for beginning work (in the Federal Republic of Germany and Sweden, for example).

On the whole, the advice given is based mainly on the labour available and forecasts as to the training of skilled manpower.

Finally, it is the job of these services to multiply contacts between employers and employment service since the extension of such contacts is of incalculable importance for the efficiency of a manpower policy. In various countries, particularly Sweden, this has led to the voluntary signature of agreements enabling the employment situation to be kept under closer review. There can be no doubt, finally, that such contacts are particularly facilitated by the existence of tripartite bodies, even when the latter have no more than an advisory role.

CONCLUSION

The existence of services providing a link between employers and wage-earners may in the long run contribute towards a better understanding of the problems on both sides.

REGIONAL MANPOWER PROBLEMS

(a) Nature of the problem

We know that in most of the O.E.C.D. countries the level of employment differs widely from one region to another, even in boom periods. A report to the International Labour Conference in 1960 discusses this point.

The following is an extract: "The degree of success achieved, at least in comparison with the inter-war period, in coping with the problem of maintaining aggregate demand, has brought out more clearly the existence of types of unemployment other than general, of more limited scope and calling for different remedies. Hard cores of chronic unemployment have plagued some areas in countries that on the whole have managed to achieve high levels of activity. Southern Italy is an outstanding example, though somewhat special inasmuch as it really constitutes an underdeveloped region within the frontiers of a nation which otherwise is highly industrialised. But in parts of Flanders (Belgium), Brittany and the centre of France, the north-east of the Netherlands, certain regions in Norway and Sweden, Northern Ireland, parts of Wales and Scotland in the United Kingdom, and areas in Pennsylvania and Massachusetts in the United States, local unemployment has been above, or much above, average national figures".

(b) Attempts to solve it

Whatever the causes of these regional differences may be, most of the O.E.C.D. countries have begun to tackle this problem.

Manpower statistics, forecasts and budgets constitute the instruments for the preparation and correct application of measures of regional policy. In France, Norway and the Netherlands, for example, efforts are made to spotlight regional employment problems when drawing up forecasts on the manpower situation. Furthermore, underdeveloped regions are often identified with the help of statistics on the level of employment and sometimes on that basis alone (in addition to the three countries mentioned above, Austria, the United States, the Federal Republic of Germany and the United Kingdom).

Most countries take steps to help such regions, by, for example, improving infrastructures, granting subsidies to encourage the setting up of industries, provoding loans on favourable terms and arranging for industrial buildings to be put up by the public authorities. Such measures also aim to increase the geographical mobility of labour, provide workers' housing at the same time as factories, and generally make for decentralisation.

(c) Examples

In the Federal Republic of Germany, France, Italy, Norway, the Netherlands and the United Kingdom, efforts are directed towards improving infrastructure and special public funds are devoted to this end.

The creation of industries may be facilitated (1) by subsidies or tax reliefs, as in France, Italy, Norway, the Netherlands, the Federal Republic of Germany and the United Kingdom, (2) by loans, guarantees and participation (same countries as above), or (3) by the provision of industrial buildings financed from public funds (France and the United Kingdom).

A few countries possess a special information service for the siting of new industries - Austria, the United States, the United Kingdom and Sweden, for example.

An effective means of influencing the choice of site is to establish areas in which it is forbidden to set up new firms. This policy is practised in France and the United Kingdom.

As the acquisition of land might delay industrialisation, some countries have instituted measures of forced sale, as in Italy and the United Kingdom.

The installation of a firm may be facilitated, finally, by the arrival of key-workers, who then receive a travel allowance - Netherlands, United Kingdom.

It may also be advisable to provide special facilities in these regions for vocational training, as is the case in the United States.

Finally, France and the United Kingdom encourage the construction of workers' housing in the regions to be developed.

(d) Results obtained

Manpower policy thus has a fairly wide range of instruments at its disposal for action on a regional basis. Obviously, the effectiveness of the policy depends on the importance attached to the measures taken. The E.E.C. countries and Norway seem to attach great importance to regional problems. Thus, the Treaty of Rome frowns on the principle of subsidies but accepts it in the framework of regional policy. Moreover, the necessity for a regional policy is recognised by the E.E.C. But the European Bank, which is responsible for distributing aid to these regions, does not yet have sufficiently effective means at its disposal, and it must be admitted that since the creation of the Common Market the disparities between expanding regions and backward regions have become even more marked.

The United Kingdom offers the example of a country where regional policy is neglected. Although the Government has had the necessary powers since back in the thirties, the Prime Minister and the Leader of the Opposition were obliged to admit during a parliamentary debate that these had hardly ever been used.

In the United States, where the labour position has been precarious for many years, regional policy measures are of fairly recent date. The Area Redevelopment Act dates from the Kennedy administration (1962).

CONCLUSION

In this era of "affluence", the Western economic system will be judged on its ability to remove the pockets of poverty that are still to be found in our developed countries.

As this economic problem has very direct political repercussions, increasing efforts are being made to solve it, but the difficulties are countless and will take time to overcome.

MEASURES CONCERNING SEASONAL MANPOWER PROBLEMS

(a) The problem

Maintaining employment at a constantly high level is not simply an economic or a regional problem. In many countries, seasonal influences are so strong that they necessitate special far-reaching measures in the context of manpower policy.

In spite of the measures taken, seasonal unemployment still reaches a high level in countries such as Austria and Denmark. In Austria, for instance, the rate of unemployment rises from 1.5 per cent in summer to 6 per cent in winter.

(b) Case of building workers

Particular attention has been paid in most countries to solving the problem of building workers, who are very much affected by seasonal variations in employment. In fact, 20 to 25 per cent of building workers are unemployed during the winter.

The measures taken follow the lines suggested by the I.L.O., which made detailed recommendations early in the 1950's regarding ways of remedying seasonal variations in the building industry.

No doubt, the most effective method would be to coordinate public building as a whole, as is done, for example, in the Federal Republic of Germany, Norway, the Netherlands and Sweden. Co-ordinating committees have been set up at regional and local level in the Federal Republic of Germany and Sweden. One of the ways of achieving such co-ordination is to make the labour market authorities responsible for issuing permits to start work. This is the system adopted in Denmark, Norway and Sweden, where special programmes of work are arranged to remedy seasonal variations.

Indirect measures to help the building industry in winter include subsidies for pre-planning (Sweden, for example) and building subsidies (e.g. Austria, the Federal Republic of Germany, Norway, the Netherlands). Loans on favourable terms may also be provided to enable contractors to purchase the equipment needed for winter construction (e.g. Federal Republic of Germany). A contribution towards building workers' travelling expenses may sometimes be made during the slack season. (e.g. Federal Republic of Germany). Finally, statutory allowances may be paid in order to make up in part for the workers' loss of earnings due to the bad weather and thus help to keep good conditions of employment (Austria, Federal Republic of Germany, France).

All these direct and indirect measures aim at encouraging building work as much as possible during the winter season.

(c) Seasonal redeployment

In Denmark and the Netherlands, advantage is taken of the winter to organise courses. In the Netherlands, in particular, agricultural workers are trained to repair machinery and motors during the winter or to work as carpenters or in metallurgy.

In the Netherlands, too, agricultural workers may be offered other jobs during the slack season, such as docker or blast furnace worker.

CONCLUSION

Seasonal influences have been largely reduced in some countries, as a result of the considerable efforts made.

However, the problem still exists in Austria. Public works are not so well co-ordinated as they might be and the range of measures is still very small.

MEASURES IN FAVOUR OF CERTAIN SECTORS OF THE ECONOMY

Although there are international recommendations and a whole series of practical examples concerning regional policy and seasonal variations in employment, the position as regards other sectors of the economy is somewhat different.

To begin with, agricultural problems must be left aside: subsidies to agriculture cannot be regarded as measures of an informed labour policy, as the underlying motive is economic, or even political, and not connected with manpower policy, since it is not a matter of solving a labour problem by acting on manpower in order to maintain the balance of employment.

(a) I.L.O. definition

The measures described so far in connection with labour mobility or regional policy are still inadequate when it comes to dealing with the difficulties raised by a declining economic sector. The 1960 I.L.O. report on employment problems and policies makes the following points in this connection:

"The role of public policy in the adjustment process cannot easily be defined in general terms. The case for and size of any government assistance will depend on how serious the actual or anticipated effects of the disturbance may be. This question will normally be answered in terms of the scale and concentration of the unemployment and the extent to which the industry is expected to be able to help itself. For example, where collective bargaining is well developed, employers and workers may be able to forestall or accommodate employment problems which are not accompanied by serious financial difficulties.

(b) Simple cases

"This may be the case when technological innovation occurs otherwise than in response to acute problems of competition. When unemployment occurs in an industry that plays a rather minor part in the local labour markets in which its individual establishments are operating, redundant labour may be fairly easily absorbed in other activities. Such absorption will be made easier if employers agree to give notice of any substantial lay-offs or dismissals well before these actually take place.

(c) Difficult cases

"But where adjustments are needed because an industry has suffered from a decline, ... the financial resources of that industry may have fallen to a point where it could not pay for modernisation or reconversion which otherwise would be technically possible and economically viable. And when the industry dominates local labour markets, absorption of redundant workers may be quite inadequate. There may then be a case for both financial and technical assistance to the industry, for unemployment benefits to be applied more liberally in localities in which individual unemployment is of longer duration than in the country as a whole, and for other forms of public help to meet individual needs.

"When Governments provide assistance to depressed industries it is normally considered reasonable that such assistance should be used for constructive purposes, aiming at absorbing workers in productive jobs as fast as possible, and not at maintaining them in uneconomic ones.

(d) Example

"The programmes for re-organisation of the British cotton textile industry may illustrate some of the above points. They provide for government financial assistance for the explicit purpose of reducing the industry's costs and increasing its competitive strength by means of modernisation. By linking subsidies to the scrapping of old equipment, the programmes seek to remove obstacles to investment in modern machinery, namely the fear of over-production and competition from factories utilising old equipment which has already been amortised, while additional subsidies provide funds for new investment. Furthermore, the subsidies were made dependent on a satisfactory agreement being reached between employers' organisations and trade unions regarding the conditions under which the labour force might be contracted. In this way, the industry itself was made responsible for solving, at least in part, the difficult problem of redundancy. (Under the agreement reached, workers who have to be dismissed are paid a severance payment determined by age and seniority of the individual worker and supplemenmentary unemployment benefits varying with the duration of the individual worker's unemployment.)"

Such are the terms of the I.L.O. report.

CONCLUSION

Redeployment problems arising from changes in the structure of industry are taken into consideration by the E.C.S.C. and E.E.C. Treaties. Not only do these Treaties provide for assistance to the firms affected, but also for special allowances to be paid to the workers. Thus, E.C.S.C. miners are paid allowances for special travelling expenses and removal expenses; installation and severance allowances are provided; wages are re-adjusted and advances paid for retirement; waiting and redeployment allowances are granted, etc.

The E.E.C. Social Fund provides special allowances for the workers when a firm switches to another type of production.

Generally speaking, the decline in certain activities is linked with the constant evolution of the economy as a whole. It is therefore essential to tackle the problem, so that part of the labour force does not suffer as a result of the general progress.

CONCLUSION

In this first part of Chapter I we have tried to describe the various manpower policy activities, as they have developed from the simple placement service to include ever more complex problems.

In the second part of Chapter I, we shall study the means for implementing these activities, enabling manpower policy to be placed in the wider framework of economic and social policy.

B. BASIC ELEMENTS OF THESE ACTIVITIES

MANPOWER FORECASTS, STATISTICS AND INFORMATION

The O.E.C.D. publication on employment forecasting demonstrates the importance for economic policy and manpower policy of forecasting the trend of the labour situation.

The following is an extract:

Importance of forecasts

"Technical progress is constantly changing, directly and indirectly, the pattern of employment and explains the differences between countries at any given time in the distribution by economic sector of active population. A study of the period when nearly all production was agricultural shows that, in the absence of technical progress, a numerically stable labour force results in a constant level of production. Any variation from year to year in the size of the harvest is then solely due to weather conditions.

"When methods of production were revolutionised by scientific progress, this traditional situation was transformed and agriculture was able to produce more with a smaller labour force. The labour no longer required by agriculture was available for other activities and rapid industrial development became possible.

"Technical progress has since steadily advanced and, by acting on the means of production (utilisation of new raw materials, new machines and new working methods), not only increased but diversified and improved the quality of production. The scope of such action will grow increasingly in the near future, in particular through the application of atomic energy and automation. These changes in both the quantity and the quality of production call for specialisation and redistribution of manpower.

"Full employment in a period of economic growth is thus incompatible with stability of employment. Economic growth and equilibrium depend on the shifts in manpower which are required to adjust production to consumption and on the proper orientation of newcomers to the labour force. These necessary shifts always occur, but at the cost of such difficulties or delays, such inconvenience or hardship for the workers, as will vary according to whether events are permitted to develop independently, or whether an attempt is made to forecast them, and to chart an appropriate course for manpower, investments and other factors. This is precisely the object of economic forecasting in general and of employment forecasting in particular.

"Employment forecasting is also one of the chief means of achieving regular growth by avoiding relapses due to slumps and is thus a vital remedy in combating cycles. Its strictly economic purpose is therefore as fundamental as its social objective, namely the achievement of maximum national growth during a given period.

"We consider the proper distribution of active population over the various sectors of activity needed for the welfare of the total population to be the keystone of any long-term economic policy. This is the factor which controls economic equilibrium and balanced growth, and which must be used as the standard for determining and evaluating patterns of investment, credit policy and in general every intervention of the State in the economic field."

Purpose of forecasts

However, for a labour policy to be effective, it must take into account not only the present situation but also the probable trend over a given period. On this basis, steps can be taken to bring the trend into line with employment policy. The manpower forecast or budget should therefore be a basic instrument of employment policy. It goes without saying that such a budget (or forecast) can only be worked out in close liaison with the budgets and forecasts for the economy as a whole.

Broadly speaking, such a budget should estimate total available manpower and its utilisation at the beginning and end of the budgetary period. In the case of a policy of full employment, the budget figures should show the full utilisation of total manpower or at least something approaching it. These forecasts should be established objectively so that fully justifiable measures are based on them only afterwards.

Present development of forecasting policy

The obligation to achieve and maintain full employment, together with the post-war trend, has already induced several Member countries to prepare employment forecasts. This has been done despite the fact that manpower budgets are a recent innovation and experience is too short as yet to enable budgets to be prepared without a certain margin of error. In spite of this, there is a growing tendency to include the manpower sector within the general framework of economic programmes. One of the major results of such employment planning has been a better knowledge of the orders of magnitude and trends which affect this particular sector. But the way in which the economic policy bodies and, even more, public opinion are formed in this field often leaves much to be desired.

Examples

In the Scandinavian countries, manpower questions are openly taken into account when the annual budget is submitted to Parliament. In Norway, the manpower budget is drawn up each year and forms part of the national budget. In Denmark, the manpower budget is prepared jointly with the annual economic survey which is presented to Parliament. In Sweden, quantitative forecasts have not so far been very frequent, but the recent creation of an employment forecasting institute in the National Labour Market Board will no doubt change this state of affairs. However, forecasts covering the general economic trend are already taken into consideration when preparing the annual budget. Similarly, in France too and in the Netherlands considerable importance is attached to manpower factors in connection with general economic planning.

Lastly, in all these countries, it is the Ministry of Labour which supplies the data needed for these forecasts.

Requirements for an efficient forecasting policy

Manpower forecasts should cover periods which facilitate effective action by measures appropriate to the problems to be solved. Thus, in the case of accelerated vocational training or measures to combat seasonal unemployment, relatively short-term forecasts will best answer the need for effective action, whereas other measures take years to yield results and the problems must therefore be envisaged sufficiently in advance with the help of long-term forecasts. Thus, if the forecasts show a shortage of highly-skilled labour, it will be three or four years (the length of training) before this difficulty can be overcome. Finally, in order to obtain highly-skilled university-trained personnel, at least ten years of study must be reckoned on after the end of compulsory schooling. The fact that this training is the longest of all means that vocational guidance should be based on forecasts over a period of ten to fifteen years.

The forecasts should be broken down by regions, as the general trend often differs considerably from regional and local trends.

Examples of the use of these forecasts

We shall now consider the importance attached by various countries to forecasts of the labour situation and the use they make of them.

In the Netherlands, short-term forecasts are used as a basis for decisions concerning public works programmes designed to reduce unemployment. The same applies to vocational guidance and training and the selection of sites for new firms. Studies on the long-term trend are used to explore the possibilities of maintaining a high level of employment. It was the findings of studies of this kind that led to the decision to establish a third technical school, and determined its location. It was shown, on the other hand, that the shortage of teachers was only temporary and that there was no need to set up permanent establishments in order to increase their numbers.

Short-term forecasts are prepared by the labour market authorities, while long-term forecasts are worked out by the central planning office.

In Norway, the annual budgets play an important part not only in economic policy but also in regard to specific manpower policy measures. For example, they provide guidelines for the placement service, including special measures to increase labour mobility, vocational guidance, redeployment through rapid training, measures against seasonal unemployment, extraordinary public works to reduce unemployment and the facilities provided for the transfer of manpower.

An O.E.C.D. report [MO(58)25, pages 45 and 46] speaks of the practical value of short-term budgets and long-term budgets (covering five years).

In Norway, it is the Labour Directorate which is responsible for manpower forecasting.

In France, quarterly forecasts drawn up by the Ministry of Labour after consulting the other Ministries concerned and the employers' associations prove useful in connection with placement questions and immigration policy. The results of these forecasts are used by the planning bodies ("Commission Nationale de la Main-d'Oeuvre", "Commissariat Général au Plan"). The Planning Commission makes annual forecasts in consultation with the Ministry of Labour. These annual forecasts serve as a basis for accelerated vocational training. In addition, the medium-term forecasts prepared by the Planning Commission in consultation with the Ministries of Finance and Labour are of great value when drawing up educational and vocational training programmes. Thus, in France, the forecasts made by the Labour departments or in close association with them, directly affect the preparation of manpower policy.

As was mentioned earlier, labour forecasts are used in Sweden to orientate general economic policy towards full employment. Forecasts prepared by the regional manpower services are also used as a basis for formulating manpower policy. Finally, the employment service has set up a separate department with a staff of forecasting experts.

CONCLUSION

These examples (France, the Netherlands, Norway, and Sweden) show that manpower budgets (or forecasts) are an important factor in the co-ordination of measures of manpower policy and its integration with general, social and economic policy. I.L.O. Convention No. 88 therefore recommends the employment services to collect information enabling the future trend to be estimated. For it is no mere chance that labour policy plays a more important part in the solution of social and economic policy problems in countries which in fact make use of manpower forecasts. Thus, in Great Britain, the fact of having dropped the preparation of manpower budgets in the early fifties certainly contributed later to the difficulties experienced by the British Government in both employment and its economic policy.

STATISTICS

1. Purpose

It is necessary at regular intervals to prepare statistical reports on manpower supply and demand and on the present and future general situation.

On the basis of these statistics, the employment service, either alone or in consultation with other administrative departments, should prepare at national level, a report showing the manpower situation by occupation, economic sector and geographical region.

A few countries comply with the above rules as regards the specific point of forecasts of the manpower situation. The statistical survey of short-term trends is supplemented in some countries by close relations with industry. Thus, in Sweden, vacancies are reported in advance, and, in the Federal Republic of Germany, a special procedure with which the employment service is associated is applied in the event of mass dismissals.

A knowledge of the current situation is therefore obviously very important. The best way of assessing that situation is by preparing manpower statistics.

2. Statistical methods and data

In order to obtain the necessary information, constant relations must be maintained with employers and wage-earners, as well as with their respective organisations. Naturally, other sources of information should also be used.

In view of the importance of this problem, the O.E.C.D. recommended the adoption of a number of principles in order to ensure effective information on manpower. The employment service should always keep a check on the number of vacancies and applications for work in its particular area. The programmes should be organised on a national basis and should be able to supply information on manpower trends and characteristics and on the labour market situation.

To this end the following data should be collected:

(i) Number of persons making up the active population, by sex and age, whether employed or unemployed and general occupational qualifications.

(ii) Estimated trend of active population and repercussions on the manpower situation as a whole. These estimates are as far as possible to be broken down as above.

(iii) Present employment opportunities calculated according to the number of vacancies, classified by occupational qualifications and other essential requirements that may be the subject of statistical analysis.

(iv) Estimates of future employment opportunities, if feasible, with information similar to that mentioned above.

Use

This information might be used for vocational guidance, placement (including inter-regional clearance), organisation of vocational training. Firms would therefore be set up in the light of the labour available and other policy factors.

3. Preparation of statistics

However, this information once it has been collected, is mainly intended for the preparation of statistics. The O.E.E.C. dealt with manpower statistics in a recommendation /C(56)59(Final)/ specifying the following minimum data:

- Once a year, data on the total labour force, showing separately the number of employed persons and the total number of unemployed persons;
- Once a year, data on the number of persons employed in agriculture and in non-agricultural industries;
- Quarterly data on the number of employees (wage-earners and salaried employees) in non-agricultural industries, showing particularly those occupied in the manufacturing industries;
- Quarterly data on weekly hours of work in the manufacturing industries;
- Monthly data on registered unemployment.

4. Application of the O.E.E.C. Recommendation in the various countries

In order to guarantee a high level of employment, it is necessary to have increasingly detailed information on the volume of manpower, its distribution and probable trend, and this has contributed towards the development of statistics.

Canada, the United States, Italy and the United Kingdom obtain exact figures through sample surveys and questionnaires on the total labour force. Similar but less regular surveys are now also made in the Federal Republic of Germany, France and Sweden.

The other countries base their estimates on population censuses, some of which are out of date, and are unable to make any estimate of the total labour force in the intervals between censuses.

Employment statistics concerning employers, family businesses and self-employed persons are still very rare.

On the other hand, most countries have valid statistics on wage-earners and salaried employees. It should be noted, however, that countries such as Spain, Greece, Iceland, Portugal and Turkey have done practically nothing in this field.

Only a few countries comply with the O.E.E.C. recommendation concerning the preparation of statistics on average weekly hours of work.

Finally, many countries collect monthly data on unemployment, though such data are practically non-existent in Iceland, Portugal and Turkey, and cover part of the country only in Greece.

5. Role of the employment service in the preparation of statistics

The statistics mentioned above, apart from those relating to unemployment, are not generally prepared by the employment service. In most cases, they are derived from social insurance returns, while the statistics concerning the total labour force and employment are the result of estimates.

However, if any progress is to be made in the field of statistics the employment service must prepare its own statistics on the total labour force. This is borne out by Sweden's example. But this lack of statistics must be seen as a sign of the relatively recent development of manpower policy.

In conclusion, it may nevertheless be said that the statistics currently available give a reasonably good idea of the more important trends in the employment situation. This statistical material might be turned to even better account if the employment service could call on more highly qualified personnel.

OCCUPATIONAL CLASSIFICATION

1. Purpose of occupational classification

Most manpower policy activities necessitate detailed information on the various occupations. Such information is indispensable for the placement of workers and for the vocational guidance and training of young people and adults. But it is also very important for carrying out the enquiries necessary for the preparation of manpower statistics.

In many O.E.C.D. countries (Austria, Denmark, the United States, France, Italy, Norway, the Netherlands, the Federal Republic of Germany, the United Kingdom, Sweden), information is collected on occupations in order to prepare national classification systems.

Most of the countries use these classification systems for many different purposes, such as the census, the preparation of labour statistics, the preparation of brochures or other documentation for the guidance of young people and their parents in the choice of an occupation, and vocational guidance and training. It may be added in regard to vocational training that the existence of classification systems is a help in drawing up training programmes. Only very few countries use these systems for placement purposes.

2. How the information is collected: co-ordination of information work

It is easy to understand the importance of co-ordinating all information work if we want to have uniform information. A few countries, such as France, the Netherlands, the United Kingdom and Sweden, have made progress towards better coordination by making the employment service responsible for compiling occupational information.

In the Netherlands and Sweden, however, special services collect the information concerning the placement service and vocational guidance. In the United Kingdom, this work is done by the Ministry of Labour, but information on placement, vocational guidance and vocational training is obtained from several different departments.

In France, a standing commission common to the Ministries of Labour, Education, and Industry and Commerce supervises this work in co-operation with the placement, census and labour statistics services.

Co-ordination is closer in other countries where occupational information is collected by the services responsible for all manpower policy activities.

It may be noted that the manpower policy sector on which it is probably most difficult to collect information is on the training possibilities for young people in the various occupations.

Information on the training of adults for the various occupations is easier to obtain as such training is generally carried out under the authority of the responsible Ministry.

In conclusion, we note the general shortage of occupational information and its excessive dispersion. It would be desirable if the various services responsible for manpower policy were to be responsible for this work far more than they have been in the past.

CONCLUSION

While manpower forecasts are indispensable for preparing a manpower policy and fitting it into the wider framework of economic and social policy, statistics and occupational information are equally essential, since they condition the practical application of such a policy. Thus, the spread of manpower policy activities in the O.E.C.D. countries depends on the rate of development of these three basic factors.

CO-ORDINATION OF MANPOWER POLICY ACTIVITIES

INTRODUCTION

From the brief outline of the various manpower policy activities given in the preceding chapter, we can see how important it is to co-ordinate these activities. In fact, the effectiveness of these measures depends very much on the application of one measure or another by a particular service and on the latter's co-operation with the other services.

I.L.O. Convention No. 88 had already examined this problem and stipulated "that the essential duty of the employment service shall be to ensure ..... the best possible organisation of the employment market as an integral part of the national programme for the achievement and maintenance of full employment and the development and use of productive resources".

The task is therefore twofold: in the first place, manpower policy activities must be organised and co-ordinated; in the second place, a national programme for the achievement of full employment must be established and carried out.

Although only the first of these aims is essentially an employment service matter, the employment service must nevertheless play an important part in the preparation and execution of the general programme because it is in that framework that manpower policy becomes fully effective.

This was noted, moreover, in the preceding chapter when studying manpower budgets, forecasts and information. It is therefore important to follow the preparation of such a programme and to contribute to it by providing appropriate forecasts on employment. It is as well to bear in mind that social difficulties and discrimination can only be overcome in the context of a vast programme based on co-operation between employers and employees. The existence of such a programme in no way implies dirigiste economic planning but creates the conditions necessary for achieving a healthy, free economy. Only on this basis and with the support of an active manpower policy can the free play of economic forces be truly achieved. And the free play of these forces is the necessary prerequisite for ensuring the best possible use of the productive resources which determine economic growth, and also for balancing the economy as a whole in the event of full employment.

Leaving aside the over-all plan, the value of an active manpower policy therefore depends on the way in which it is organised and financed. According to I.L.O. Convention No. 88, the main element of organisation is thus a centralised employment service which is in a position to give instructions to all the manpower services. It also suggests that a number of the manpower policy activities described in Chapter I should be entrusted to this central employment service, the other activities being carried out in close co-operation with that service.

We shall now attempt to describe the organisation and degree of co-ordination of manpower policy activities in the O.E.C.D. countries.

ORGANISATION OF THE EMPLOYMENT SERVICE

1. Introduction: historical perspective

The hub of manpower policy organisation is therefore the employment service.

I.L.O. Convention No. 2 of 1919, concerning unemployment, already recommended the establishment of a system of public employment agencies under the control of a central authority. I.L.O. Convention No. 88 extended the responsibilities of this service, now called the employment service, to most of the activities described in Chapter I. This recommendation is applied in most countries.

2. Central authority

Central control therefore exists in almost all the O.E.C.D. countries, where the supreme authority lies with a Ministry or an autonomous body empowered to give direct instructions to all echelons of the manpower administration and on all subjects.

Thus, the Netherlands, Norway and Sweden converted the communal placement services after the war into State services, while Italy retained its communal services. In Denmark, placement is largely the responsibility of the trade union unemployment insurance services, and in the United States, too, where private profit-making employment agencies still exist, placement falls largely on the trade unions. In fact, the federal constitution of the United States, and similarly that of Switzerland, is an obstacle to the creation of a single control body. The power to give direct instructions to all services is replaced by another procedure. Thus, in the United States, the Federal Government can influence State policies by tying the allocation of Federal funds to application by the States of minimum Federal rules. In Switzerland, the central service makes

Federal rules. In Switzerland, the central service makes

recommendations to the Cantons which receive subsidies from the Federal Government for their placement services.

The latest tendency, as observed in the Netherlands, Norway and Sweden, is to turn increasingly towards strict centralisation of the placement service organisation and therefore of the manpower administrations.

This development is essential, as the following example shows, if free and effective action is to be secured.

In Norway, the central service had recommended the local employment agencies which existed at that time to use the occupational index drawn up by the Labour Directorate, but this recommendation was ignored, even though the use of occupational information was considered indispensable for manpower placement.

3. Administrative organisation at national level

However, centralisation alone cannot ensure maximum efficiency of the placement service and manpower policy as a whole. The nature of the organisation of the central service is equally important.

(a) Ministry

In most countries, the central service is a Ministry conforming to the normal administrative structure (Austria, Canada, Denmark, France, Italy, the Netherlands, the United Kingdom, Switzerland, the United States).

(b) Autonomous bodies

In a few other countries only (Belgium, the Federal Republic of Germany, Norway and Sweden), this activity is exercised by special autonomous bodies by statutory arrangement or under Government supervision.

(c) Autonomous body responsible for a specific field

The example of a similar organisation covering a particular field of manpower policy is provided in France by the "Association pour la Formation Rationnelle de la Main-d'Oeuvre" (ANIFRMO). This association is recognised by the Ministry of Labour and runs all the accelerated vocational training centres under that Ministry's control. This form of institution was selected after others had been tried out and seems in fact to provide both the flexibility and adaptability of a private firm while affording all the guarantees required of an official service largely financed by public funds.

(d) Autonomous body responsible for a region

Similar organisations have sometimes been set up to meet the requirements of regional policy or to run sheltered workshops. For example, special companies are formed in backward regions to establish industrial areas in those regions and to set up, rent or purchase industrial enterprises. This is the practice in France and Great Britain.

4. Decisions at national level

(a) Autonomous bodies

In these autonomous bodies, decisions are taken collectively by a joint council. Thus, in Belgium, employers' and workers' representatives form the executive body under an independent Chairman. In Norway, the Labour Directorate is governed by a board consisting of employers' and workers' delegates. In Sweden, the National Labour Market Board, which is responsible for taking basic decisions, includes: (1) employers' representatives, (2) trade union representatives and (3) a representative of the central office workers' organisation. Finally, in the Federal Republic of Germany, two similar bodies are responsible for taking important decisions.

Consequences

These executive bodies are the most appropriate for facilitating the integration of manpower policy with economic and social policy as a whole since those interested in the labour market situation (employers, workers, employment service officials) themselves take part in the decisions. Man- ments, while those affected by these measures show greater understanding. Such bodies can also help to overcome the difficulties encountered in applying manpower policy legislation, since through them all the parties concerned share responsibility for carrying out such legislation, which is thus no longer the exclusive province of the Government. Finally, helping to integrate manpower policy into a much broader field is not the only service rendered by these autonomous bodies through their joint executive organs; they also lead inevitably to the centralisation of manpower policy, as this is their sole concern.

(b) Ministries

On the other hand, very little attempt is made, if any, under the normal administrative set-up to centralise methods of action. The Ministers are frequently responsible for a whole series of other matters which they often consider to be more important, and it can hardly be expected that they will spend their energies in defence of a manpower policy. Furthermore, the officials responsible for dealing with these problems are not really in a position to put their ideas over in the same way as an autonomous body since they depend closely for their decisions on the Minister himself, who has a great deal to do and, in any case, they too have responsibilities which go far beyond the mere administration of manpower. In some countries, the need for contact and agreement with the manpower organisations has led to the establishment of national advisory commissions for important questions connected with manpower policy.

5. Organisation at local level

At local level, it is indispensable that the employment service and the whole labour administration should possess a close network of agencies which can be easily referred to. The manpower administration will thus be able to take responsibility for the implementation of manpower policy measures of all kinds.

The distribution and density of the network of local employment services naturally depends on demographic and economic conditions in the various countries, which makes it difficult to compare individual countries' efforts to set up such networks. However, a report made on this subject to the 30th Session of the I.L.O. Conference on the organisation of the employment service, would seem to suggest that the network of employment services in most European countries is sufficiently dense, but that this is not yet the case in the United States.

However, it is far more essential that these services be set up according to a national plan than that they should be well distributed. There is no strictly administrative obstacle in most countries to the application of this principle as the local employment services are everywhere, except in Italy, Switzerland and the United States, in the Government's hands.

In all the O.E.C.D. countries (except Denmark) departments responsible for certain problems on a limited regional basis exist in between the central administration and the local service. Arrangements of this kind which are in keeping with the general administrative structure are no doubt necessary to ensure better co-operation with other authorities and bodies which have to deal with manpower problems.

6. Decisions at local level

Where autonomous bodies responsible for manpower administration exist, as is the case in Belgium, the Federal Republic of Germany, Norway and Sweden, the administrative side of manpower policy is integrated with economic and social policy at regional or local level through joint executive bodies.

In other O.E.C.D. countries, the regional and local manpower administrations include advisory commissions. Their composition varies, but they always contain employers' and workers' representatives. It would appear that these commissions are better able to make their influence felt at regional and local level than at national level.

CONCLUSION

From this rapid survey of the employment service organisation, two points clearly emerge:

1. To be effective, manpower policy needs to be centrally organised.
2. Bodies endowed with a certain autonomy seem better adapted to manpower policy requirements than the usual administrative bodies.

VOCATIONAL GUIDANCE

In addition to placement, which is the basic function of labour administration, vocational guidance is also the responsibility of the employment service in most countries.

1. Centralised organisation

Public vocational guidance depends at all echelons on the same administration as the placement service in the following countries: Belgium, Luxembourg, the Netherlands, the Federal Republic of Germany, Austria, Denmark, Norway and Sweden.

2. More or less decentralised organisation

In Switzerland, on the other hand, where the placement service is directed at regional level by the Cantons, the latter can put vocational guidance in the hands of various specialised departments which may not necessarily have any connection with the central labour service. In the United Kingdom, the Ministry of Labour is alone responsible at the highest level, but vocational guidance may be provided at local level by the school authorities as well as by the employment service. Thus, a central employment body for young people has been set up by the Ministry of Labour with officials from both the Ministry of Labour and the Ministry of Education. In Italy, responsibility for vocational guidance seems to be in dispute which tends to complicate the situation: the Ministry of Labour employs a State corporation for the vocational guidance of certain groups, while the Ministry of Education is trying to get a Bill passed which would authorise it to set up a network of special local vocational guidance centres for school-leavers. In France, the services of the Ministry of National Education are responsible for young people up to the age of 17. Finally, in the United States, responsibility is shared by the Federal Department of Labor and the individual State educational authorities.

3. Co-ordination

The placement and vocational guidance services therefore generally come under the same central authority. Consequently, co-ordination between the two services is an internal matter and no external difficulties arise. This liaison between the two services seems logical and almost inevitable when it is remembered that any person who receives advice from the vocational guidance service has to be directed either to an apprenticeship centre or to a job. In practice, however, the advisory committees do not provide sufficient contact between the placement and vocational guidance services. In France, the school authorities are responsible for the vocational guidance of young people up to the age of 17 and in some localities the school vocational guidance services are housed in the same building as the Ministry of Labour services.

Some co-operation is necessary between the manpower and educational authorities since vocational guidance should begin in the school. This requirement is met in several ways, but only in a few countries through the setting up of advisory councils. However, this is the case in Denmark, where there is a board consisting of representatives of the Ministry of Labour, the Ministry of Education, the Labour Directorate, the placement services, teachers, employers, workers and women's and young people's organisations. In Sweden too, there is a co-ordinating committee composed of representatives of the manpower, educational and vocational training authorities.

At local level, the youth employment office in the United Kingdom comprises a board consisting of representatives of the educational authorities, teachers, employers and wage-earners. In France, the vocational guidance services are represented on the Departmental Council for manpower questions. Contacts of this kind with the local Committees responsible for manpower questions are also established in a few other countries.

CONCLUSION

In short, the most desirable form of co-operation between the vocational guidance and placement services has already been put into practice, i.e. integration of these services with the manpower administration. Furthermore, the need for contact with the schools in regard to vocational guidance in no way justifies turning the service over to the educational authorities.

VOCATIONAL TRAINING

1. Definition

This aspect of manpower policy raises considerable difficulties. The vocational training of young people is in many countries mainly the concern of the individual economic sectors. This is so in Austria, Denmark, Luxembourg, the United Kingdom and Switzerland. The employment service very rarely takes part, even when vocational training is provided at school. There are probably very few countries where vocational training is closely linked with the general requirements of manpower policy. But I.L.O. Recommendation No. 117, stipulates that vocational training should be arranged and co-ordinated on the basis of a general programme which should not be put into effect until the volume and character of manpower requirements after apprenticeship have been determined. The general programme should take account of the individuals' occupational interests, firms' manpower requirements and the community's economic and social interests.

2. An example of efficient co-ordination between the various services: Sweden

Sweden is the only country which possesses a single body, the National Board of Technical and Vocational Education, covering all questions connected with vocational training, vocational guidance, manpower requirements, etc.

In addition, contact has been established at local level between the trade schools and the employment services, so that vocational training requirements for the area concerned can be calculated.

3. Other examples

In the Netherlands, the local employment services prepare an annual report in consultation with the industrial organisations on the placement of students leaving the technical schools. This report is circulated to school principals, the Ministry of Education and those responsible for training in industry and comprises an analysis of placement difficulties, suggestions for extending or contracting certain training courses and proposals for setting up new courses or schools.

In the United States, the placement services provide information for the authorities responsible for vocational training, as well as for the school vocational guidance services, so that they can see which sectors are suffering from a shortage of skilled manpower and where training courses are particularly needed.

In a few countries, those responsible for vocational training in the schools try to take account of manpower requirements by keeping in touch with employers.

Where training is provided by industry, it is of course the employers who decide on the scope of the training and vocational guidance to be given.

4. Co-ordination between training and placement services

Recourse is had to the placement branches of the employment service in order to facilitate the placement of trainees. In some countries, special procedures have been established to facilitate contact. In Norway, the placement service gets in touch with the trade schools before the end of the school year in order to find out which schools can provide workers for vacancies. In Sweden too, the authorities keep in close touch with school principals.

5. Where co-ordination is practically impossible

However, in the case of in-firm vocational training, contact with the manpower authorities is generally limited to vocational guidance and placement in apprenticeship. This is what usually happens in Austria, Denmark, Luxembourg, the Federal Republic of Germany, the United Kingdom and Switzerland. There is thus little opportunity to influence the extent and content of the training given. It may be mentioned that in Austria and Belgium, apprentices are sometimes taken on not because the firm is going to need them later but for other reasons (e.g. as cheap labour) since small firms of the kind in question do not generally keep the trainees once they have finished their apprenticeship. In Austria, workers are trained in this way in various skills, which will probably be of no use later.

6. Possible remedies

6. Possible remedies

In some countries, the employment authorities try to influence vocational training by granting training allowances. This is the practice in Austria, Denmark, the Federal Republic of Germany and the United Kingdom. These allowances are usually paid when the apprenticeship centre is outside the applicant's home area. In the Federal Republic of Germany, the employment service has built hostels with its own funds close to training centres to accommodate apprentices coming from other regions.

7. Present obstacles to the co-ordination of training with the aims of general manpower policy

The present dispersion of responsibilities for vocational training would appear to make it very difficult to achieve the general aims of manpower policy.

Moreover, it may be wondered whether, in view of the rapid changes in technology and occupational structures, vocational training should not take entirely new directions in order to meet the requirements of manpower policy.

Generally speaking, the employment authorities have the choice between two methods of co-operation with the normal training services: either they have a say in the type of training to be given and provide the corresponding jobs or else they simply provide work once the apprenticeship is completed. The first of these methods makes for efficient co-ordination with the vocational guidance services.

In short, the organisation of the services needs to be improved.

ACCELERATED VOCATIONAL TRAINING OF ADULTS

1. General organisation

In most of the countries where it is practised, the accelerated vocational training of adults is in the hands of the employment authorities. Thus, the aspects of manpower policy in this field and the structural organisation can be examined without difficulty.

Apart from Austria and the Federal Republic of Germany, the organisation of such training is in all countries based on the principle of centralisation - either administrative centralisation, as in Denmark, centralisation by occupation, as in Belgium, or, more generally, centralisation at both these levels (e.g. in France, Italy, the Netherlands, Sweden and the United Kingdom). It should be added, however, that in Italy the employment service is not the only body providing accelerated training since other services also take a hand in it.

2. Advantages of centralisation

From the purely technical point of view, it is observed that centralisation at national level makes for greater uniformity:

- of teaching methods, which can thus be kept at a very high level;
- of workshop equipment;
- of tools and raw materials, thus making economies possible.

This form of organisation enables satisfactory and easily comparable results to be obtained. In addition, the system can be improved without difficulty and the way opened for large-scale activities.

French experience shows that centralisation has helped to get employers to accept this form of training. A centralised organisation can obtain all the relevant information concerning the skills required, thus facilitating the preparation of training curricula. In addition, instructors may be exchanged between the various centres and only a relatively small staff is therefore needed. Centralisation also enables research to be done leading to the preparation of rational training programmes. Training time can thus be reduced. Finally, centralisation facilitates exchanges of ideas and experience, [illegible] to build up a staff capable of spreading the best methods of training.

The most obvious advantage of centralisation is to be found at administrative level in the rational use of available resources. It is so to speak an axiom in economics that a firm with three thousand employees can afford to run special departments for planning, technical research or market prospection, whereas ten firms employing three hundred workers cannot each afford to do so.

3. Co-ordination

Manpower requirements in a particular speciality and in particular sectors are generally determined through contact between the employment service and firms. Medium and long-term forecasts are also used for this purpose (e.g. in France, the Netherlands and Switzerland). In the United Kingdom, skilled personnel requirements are mainly assessed on the basis of recognised placement possibilities.

Applicants are selected and directed to training courses by the employment service. The advantage of centralised systems is that trainees can be transferred from one training centre to another, so that special cases can be catered for. For example, in Sweden, account is taken of the state of health of applicants, and asthmatic trainees are sent to training establishments in the mountains.

Once training is over, the employment service also takes responsibility for placement.

CONCLUSION

It would seem that a fairly good balance can be established both as regards the organisation of accelerated training and co-ordination with the other services concerned.

GEOGRAPHICAL MOBILITY

In all the countries measures to promote manpower mobility are applied by the employment authorities. The actual organisation of such measures cannot therefore be an obstacle to their inclusion in a wider manpower policy programme.

MEASURES IN FAVOUR OF CERTAIN CATEGORIES OF MANPOWER

Measures in favour of disabled persons, young people, older workers, men released from military service, etc., are applied by the employment services alone or, in the case of sheltered workshops, in co-operation with other services. Thus, the rules of manpower policy would seem to be complied with.

MEASURES CONNECTED WITH PROBLEMS OF REGIONAL POLICY

In countries which prepare manpower forecasts or budgets, as is the case, for example, in France, the Netherlands and Norway, regional policy comes into the wider framework of economic and social policy. The manpower policy aspects are thus better catered for.

In all countries where a regional policy is applied, it is considerably influenced by manpower policy measures, since the raison d'être of regional policy is precisely the presence of substantial unemployment or underemployment. The extent of such measures obviously varies greatly according to their degree of integration into a general manpower programme.

1. Role of the employment authorities in regional policy

In Norway, for example, regional policy is the responsibility of the employment authorities. The special programmes for which specific funds are provided are implemented by the employment authorities in co-operation with local services.

It is moreover important to give the employment service a decisive role. Thus, the programmes submitted should be approved by a special committee (interministerial, for example) in which the manpower authorities take part. This is the practice in France and the Federal Republic of Germany.

Certain forms of employment service intervention are much less wide in scope: e.g. when its task is limited to determining the extent of areas to be developed (United States), or again when it only provides an information service in relation to firms.

Regional policy measures directly concerning manpower alone are rare and are applied by the employment authorities. For example, they may pay the removal expenses of the key-workers of a firm who settle in the area to be developed, and perhaps their return journey too (e.g. France, the Netherlands, United Kingdom). Generally speaking, the manpower authorities take steps to promote the geographical and occupational mobility of manpower when there is no regional policy.

CONCLUSION

In matters of regional policy it is desirable that the employment authorities should not be confined to measures strictly relating to manpower but should be associated with economic and social decisions in general. This would make for better co-ordination.

MEASURES TO EVEN OUT SEASONAL VARIATIONS IN EMPLOYMENT

In some countries, as in Norway, for example, manpower budgets or forecasts are used especially for forecasting seasonal variations in employment, so that measures such as public work programmes may be taken to remedy them. The employment authorities are responsible for applying such measures.

The employment authorities undertake additional work (Norway, Sweden) and help to carry it out by constituting on their own account public investment reserves (Sweden) and by subsidising the cost of preparing pre-planning (again Sweden). The employment authorities also influence the timetable of building work by issuing permits for work to commence (Denmark, Norway, Sweden). To an increasing extent, too, building projects are co-ordinated by commissions placed under the aegis of the employment authorities (Federal Republic of Germany, Sweden). Similarly, the employment service is responsible for subsidies for winter building work (Austria, Norway, Netherlands, Federal Republic of Germany) and for making up any loss of wages due to bad weather.

The training of workers during the slack season is also arranged or facilitated by the employment service (Netherlands, Federal Republic of Germany).

The measures taken to even out seasonal variations in employment in the building industry are a good example of what can be achieved by a manpower policy when the employment service authorities have effective means of action.

Although it is in fact in the building industry's interest to use its capacity throughout the year and although the public authorities tend in the interests of the community to spread their programmes over the whole year, the work is not always distributed as well as it might be. In Norway and Sweden, the employment service has a considerable say in the execution of public works, not only because it issues building permits but also because it is very closely concerned with the preparation of the building timetable. Similarly, in the Federal Republic of Germany, the employment service takes part with the Government in measures of co-ordination.

In Austria, on the other hand, lack of co-ordination of public works projects prevents seasonal unemployment from being kept in check. Although the employment service has the power to intervene, no great importance is attached to the application of manpower policy criteria.

CONCLUSION

Good co-ordination in this field can lead fairly easily to spectacular results.

MEASURES IN FAVOUR OF CERTAIN SECTORS OF THE ECONOMY

Although forecasts on the manpower situation are generally of the greatest importance in any manpower policy, they are particularly indispensable when it comes to developing certain sectors of the economy, through measures affecting the actual structure of the economy, whose repercussions on manpower are at first rather slight. The extent and direction of changes should be determined with the greatest possible precision, in consultation with those concerned and their industrial organisations, in order to assess the special requirements of manpower policy.

An example worth emulating

France has carried out certain experiments which demonstrate that politico-structural changes in general, and more particularly in connection with manpower, can be programmed. Side by side with its economic and employment forecasting, France has set up a special fund administered by the Ministries concerned, in which the employment authorities take part. This fund is intended to promote economic and social development. In the Netherlands, structural policy is closely linked with regional policy. Here too, economic programming has been practised since the end of the war and employment forecasts are taking a bigger place in such programming.

More specific steps are taken in some countries. Thus, the manpower authorities provide special allowances for the workers affected, in the same way as they would for ordinary measures. Manpower policy therefore seems to be well coordinated, but it is particularly difficult in this field.

FINANCING OF MANPOWER POLICY ACTIVITIES

The organisation and effective application of manpower policy, the nature of its activities and the extent of its documentation depend in the first place on the way it is financed.

1. The wrong way

The material at our disposal for the preparation of this report makes very little reference to this question. Occasionally mention is made, however, of the inadequacy of a procedure that makes measures for the training of adults depend on the outcome of the annual debate on the budget.

2. A better way

The best solution to the financing problem is without doubt the autonomous fund as a whole series of manpower policy activities have to be put in hand whatever the economic and budgetary situation.

3. Example

In some countries (Federal Republic of Germany, for example), a special fund has been set up with unemployment insurance surpluses. However, this dependence on unemployment insurance may be inconvenient during a slump, as little or nothing would then be available for an active manpower policy. Nevertheless, the fact of having made the unemployment insurance fund autonomous and of having recourse to it for manpower policy purposes is an advance on the position of complete dependence on the annual budget. In order to make sure that the public unemployment insurance fund shows a surplus, unemployment insurance contributions are fixed with an eye to the requirements of manpower policy in addition to the usual criteria.

In practice, unemployment insurance funds have always been available for manpower policy purposes, e.g. for worker migration or training, or in order to subsidise public works designed to reduce unemployment. However, such measures were generally confined to the unemployed in receipt of benefit, that is to say the amount of expenditure was limited by what could be saved on unemployment benefit, a system which does not exactly encourage an active manpower policy.

In a few countries, special funds are available for some manpower policy activities; this is the case in Norway for measures of regional policy. Similarly, in France, the Economic and Social Fund is available to manpower policy for regional policy purposes and the training of adults. This country has also recently set up a special employment fund.

CONCLUSION

No exhaustive study seems to have been made as yet of the all-important problem of financing manpower policy and no very satisfactory solution has therefore yet been found.

MANPOWER POLICY AND THE EMPLOYMENT SITUATION

Before drawing any conclusions as regards manpower policy activity and organisation, it would be interesting to know whether the various countries observe any relationship between the development of manpower policy and the employment situation. This is of course a very difficult question owing to the relatively recent development of manpower policy.

1. Comparison

Let us first take a look at the following table, showing the unemployment trend since 1957 in the main countries dealt with in this report:

	1957	1958	1959	1960	1961	1962
Austria	4.9	5.6	5.0	3.8	3.0	3.0
Denmark	10.2	9.6	6.1	4.3	3.9	3.3
Norway	1.4	2.3	2.2	1.7	1.2	1.4
Sweden	1.9	2.5	2.0	1.4	1.2	1.3
Switzerland	0.4	0.5	0.4	0.7	0.4	0.4
United Kingdom	1.6	2.2	2.3	1.7	1.6	2.1
Belgium	5.5	8.5	0.5	7.5	6.0	4.0
France(1)	-	-	-	1.1	-	
Federal Republic of Germany	3.4	3.5	2.4	1.2	0.8	0.7
Italy	9.0	9.0	8.7	7.9	7.2	6.5
Holland	1.2	2.3	1.8	1.2	0.9	0.9
United States	4.3	6.8	5.5	5.6	6.7	5.6

(1) Judging by the actual figures, the French rate of unemployment was no worse during the other years than in 1960.

Statistics on the rate of unemployment are often regarded with some mistrust and no great value is attached to comparisons between several countries. However, a study made in the United States(1) shows that the results obtained with these statistics are more conclusive than is generally admitted. An attempt was made in this study to eliminate as far as possible differences due to methods of investigation. Below are some of the results obtained.

Rate of unemployment in 1960

	Not corrected	Corrected
United States	5.6	5.6
Canada....................	7.0	7.0
France	1.1	1.9
Federal Republic of Germany ..	1.2	1.0
United Kingdom	1.6	2.4
Italy	7.9	4.3
Sweden (1961)	1.2	1.5

2. Observations

First observation: according to this study, the position in the United Kingdom is more serious than appears from the uncorrected table.

Second observation: except in 1958 and 1959, which were recession years, the following countries constantly had an unemployment rate of less than 2 per cent: France, Norway, the Netherlands, Sweden and Switzerland. On the other hand, the rate of unemployment was regularly above 3 per cent in Belgium, Denmark, Italy, Austria and the United States. Two countries cannot be placed in either category: the Federal Republic of Germany and the United Kingdom.

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(1) Comparative levels of unemployment in industrial countries. Report prepared for the President's Committee to Appraise Employment and Unemployment Statistics by Robert J. Myers and John H. Chandler, Bureau of Labor Statistics.

In the last few years, the Federal Republic of Germany has succeeded in reducing the rate of unemployment to less than 2 per cent, while in the United Kingdom, on the other hand, where it was between 2 and 3 per cent, it has lately increased appreciably.

Third observation: four countries with very low rates of unemployment - France, the Netherlands, Norway and Sweden - take vigorous measures in the field of manpower policy. They have drawn up economic programmes or economic and employment forecasts which show the importance of aspects of manpower policy for the trend of employment.

Switzerland, on the other hand, which also has a very low rate of unemployment, does not owe this to its manpower policy and in fact solves its manpower problems by employing a large number of foreign workers who are dismissed when requirements diminish and return to their country of origin. Thus, Switzerland does not suffer from unemployment.

Fourth observation: in countries where the situation is constantly poor - Austria, Belgium, Denmark, the United States and Italy - manpower policy is comparatively less developed, and none of these countries prepares economic programmes or over-all forecasts of employment.

The case of the United Kingdom is more complicated and does not seem to fit in with the idea that there is a connection between the rate of unemployment and the degree of development of manpower policy. The increase in the rate of unemployment in 1962-63 is particularly surprising in view of the development of a manpower policy system which is excellent in itself. The employment service is fully empowered, for instance, and much more than in some other countries, to apply a regional policy or a training programme. However, these powers are not used, as the Prime Minister and the Leader of the Opposition had to admit during a parliamentary debate in 1962. The discontinuance of the manpower budgets is symptomatic of the small attention paid to manpower policy.

In the Federal Republic of Germany, on the other hand, the rate of unemployment was reduced to below the apparently critical level of 2 per cent thanks to effective measures of manpower policy, particularly in regard to seasonal unemployment. It is, of course, still too early to say whether this favourable situation can be maintained despite the absence of forecasting and general programming. However, Federal Germany is already beginning to draw up an outline plan, thus following the trend towards planning in the E.E.C.

Similarly, the recent more encouraging development of the employment situation in Belgium and Italy coincides, as far as Belgium in particular is concerned, with the introduction of more vigorous measures of manpower policy.

CONCLUSION

It is extremely difficult to establish a definite relationship between a vigorous manpower policy and the employment situation.

Many countries have succeeded in maintaining a high level of employment although their manpower policy is inadequate. They do this by creating a big demand through the traditional instruments of economic policy (cheap credit, deficit budgeting). But such a policy is bound to lead in the long run to monetary difficulties which may well prove an even more serious threat to full employment.

Admittedly there is not yet enough evidence to establish a definite relationship between a vigorous manpower policy and a manpower situation approaching full employment which at the same time guarantees the stability of purchasing power and the maintenance of adequate growth. The possibility of such a relationship is nevertheless worth considering and, above all, worth examining more thoroughly.

SUMMARY AND CONCLUSIONS

1. Role of manpower policy

In order not to create any misunderstanding as to the exact role of manpower policy in the context of economic and social policy, it should be emphasized that by itself a manpower policy, no matter how active, cannot ensure full employment. Such a concept of manpower policy would prejudice the very ends it is designed to serve.

In order to achieve and maintain full employment, a government should of course make use in its economic and social policy of all the modern means available without adhering rigidly to any one principle, but if it wishes to make full employment a lasting success, it should in our opinion supplement it by an active manpower policy.

2. Present position

For various reasons, we have been able to give in the preceding chapters only an imperfect picture of the development of manpower policy. Despite this imperfection, however, we can see that there has been a distinct tendency in the O.E.C.D. countries since the end of the Second World War to develop manpower policy measures in order to overcome economic and social difficulties. The Member countries are setting up employment services which, in keeping with the wish of I.L.O. Convention No. 88, are an effective instrument for achieving and maintaining full employment. Present achievements range from isolated measures taken for a particular purpose to a modern concept of manpower policy integrated logically and consciously with a general programme.

3. Reasons for the interest shown in manpower policy

The reasons for this development are as follows: according to the liberal economists, an active policy based solely on general economic measures should suffice to ensure the full utilisation of the factors of production. However, it has been found that such a policy cannot maintain full employment, nor even very often achieve it. In fact, before such traditional general measures have produced their full effect, bottlenecks will appear which will be a threat to economic growth and stability and thus to full employment. The economic and employment structure is in fact inconsistent with the conditions created by full employment. Lack of mobility and adaptability on the part of the factors of production are the cause of these bottlenecks.

Although technical progress enables the most diverse firms to choose their location with considerable freedom, the mobility of capital remains slight, and regional reserves of manpower are not automatically called on, even in periods of great shortage.

Seasonal variations in employment also compromise full employment. In the building industry, for example, where work cannot keep pace with requirements, the investment and adaptation needed to make full use of capacity throughout the year and avoid winter unemployment are not carried out.

Even where there is a very active economic policy, public and private investment are too little adapted to the needs of the situation and the structure of employment.

Furthermore, for reasons which are easy to understand, men do not willingly change their occupation, place of residence or employer. Nor does a man automatically find the most productive work or that which is to his own greatest advantage when he suddenly changes his job.

Finally, irrational training, neglect of the limitations of the disabled, discrimination against certain categories of workers or reluctance to institute new forms of employment are prejudicial to work capacity and men's happiness.

All these reasons have led to the development of manpower policy.

4. Fields of activity

(a) Aim

The O.E.C.D. Member States have therefore begun to work out measures to overcome these obstacles. Taken together these measures constitute an active manpower policy, whose role is decisive both from the economic and the social point of view. On the basis of an economic policy aimed at full employment, an active manpower policy helps to achieve and maintain such full employment. To this end, the States take steps to achieve full employment through the elimination of unemployment and underemployment. At the same time, an attempt is made to adapt the structure of employment to the requirements of economic growth, and to maintain full employment when this is in danger in certain economic sectors or certain areas or in periods of business recession.

(b) Types of measures

All sorts of measures may be taken to attain these goals: measures of regional policy or to even out seasonal variations in employment, appropriate use of public and private investment, general vocational training, measures to promote geographical and occupational mobility, campaign against premature enforced retirement, occupational redeployment of the disabled, etc.

(c) Means of application

A placement and vocational guidance service is the obvious means of making these measures fully effective. According to the circumstances, priority will be given to measures designed to provide work or to measures to promote manpower mobility.

However, it is always necessary and should be possible to use all measures in a co-ordinated and flexible manner. In this way, and this is the characteristic of an efficient manpower policy, there can be no danger of the general situation worsening through the use of such direct and selective measures.

5. Application

The measures we have just described, together with others of the same kind, are applicable in any situation arising under an economic policy aiming at full employment. It may be wondered therefore whether an active manpower policy is only necessary and effective where there is a high level of employment or full employment. It has been observed, however, that such measures may be necessary even where the level of employment is manifestly inconsistent with a policy of full employment. Even in this case they may help to reduce the rate of unemployment. Furthermore, where full employment has not been achieved, an active manpower policy creates the conditions which lead to the success of a policy of full employment. It matters little whether full employment cannot be achieved for lack of consumer demand or as a result of structural weaknesses, since manpower policy measures create the conditions for the use of all the factors of production.

It is true that the concept of an active manpower policy was mainly developed on the basis of a high level of employment or full employment obtained through general measures of economic policy. The first measures of active labour market or manpower policy were worked out to fit this kind of situation.

As opposed to general budgetary or other current measures, manpower policy measures encourage the expansion of production and at the same time have an anti-inflationary effect on prices. In fact, such measures make it easier to deal with any bottlenecks that may arise in the economy. Furthermore, from the social and political point of view, they have the advantage of giving the individual greater freedom in his choice of occupation and job and safeguarding him against any loss of income. Finally, by making for a better understanding of the changes which occur in economic life, such measures can obviate political pressure for restrictive or protectionist action(1).

Thus, an active manpower policy is an essential instrument for any employment policy, whatever the economic situation or the structural trend.

CONCLUSION

So far, growth, stability and full employment have been regarded as identical goals which may be attained by the combined use of general economic policy and manpower policy. This approach does not allow for the fact that full utilisation of the factors of production, including manpower, is actually the prerequisite for maximum achievement of the first two goals (growth and stability). Employment policy should therefore no longer be regarded as deriving from general economic policy and at the most as one of the conditions for economic equilibrium. Quite the contrary, an adequate employment and full employment structure should be regarded as basic to optimum growth and stability. Thus, manpower and a consequent active manpower policy are the key to maximum economic and social progress.

6. Conditions for an effective manpower policy

(i) It must cover manpower as a whole

In order to be effective, a manpower policy must cover manpower as a whole and not just unemployed workers in receipt of benefit. There should therefore be strong inducements to make full use of the various manpower services. An increasing number of measures are being taken in this direction in the various O.E.C.D. Member countries. We have noted those to promote vocational training, geographical mobility and the regional development of certain economic sectors. All these measures are more and more widely practised without distinction between workers in employment and the unemployed.

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(1) Gösta Rehn: "Reasons for the expansion of labor market policy regarded as an instrument of economic progress"; report to the Conference of "Senior Economic Advisers", E.C.E., 20th-24th March, 1961.

An example of this trend is to be seen in the development of the accelerated vocational training of adults. There is a growing tendency to turn this system into an instrument to provide workers with a standard of training comparable with what they might acquire through a full length course. Such training is provided in the light of individual abilities and the needs of the economy.

Formerly, training for the assisted unemployed was regarded at best as a means of providing them with just sufficient training to enable them to take the first job available. Fairly often - and this still happens - training was simply dropped when a job turned up.

(ii) It must encourage the use of the facilities provided

The second important prerequisite is, as we have already said, to encourage the use of the facilities provided, so that manpower policy is in a position to eliminate the obstacles opposing the free and voluntary movement of the factors of production. To do this, it is necessary in regional policy, for example, to compensate the disadvantanges from the point of view of competition that might arise from setting up a firm in a region where there is unemployment or under-employment. In fact, the presence of abundant manpower is in most cases not sufficient compensation and, if necessary, subsidies must be granted, cheap credit provided, the infrastructure improved, etc. Similarly, winter building work entails difficulties, in the beginning at least, which can only be overcome by corresponding compensation. Finally, the allowances provided for workers in the event of training, removals or the conversion of a firm are of no less importance.

7. Organisation - tripartite bodies

The conception and implementation of such a policy require a strong organisation closely connected with the parties involved. The manpower authorities in the O.E.C.D. countries are taking this principle increasingly into account. A marked tendency towards the centralisation of the employservice has been noted since the end of the Second World War. In several countries, the communal placement services have been transformed into State services. At the same time, the employment services have been modernised by the creation of powerful central services whose executive bodies are as far as possible tripartite. Where such a structure does not exist, appropriate advisory councils have been provided.

8. Finance

The solution of the financial problem is of over-riding importance for any active manpower policy. For example, in order to maintain employment in depressed economic sectors, large direct or indirect subsidies are often granted, or use is made of protectionist measures. More often than not, however, the funds disbursed in this way might be used for positive manpower policy purposes. Furthermore, to an increasing extent, expenditure of this kind is no longer regarded as money spent in the interest of social welfare but as a profitable investment. Thus, the development of "economics of manpower" should lead to a rational assessment of the amount that might reasonably be spent, from the point of view of economics, on a manpower policy.

In practice, some countries have already worked out methods of financing which enable manpower policy measures to be applied regardless of budgetary considerations or market fluctuations.

9. Programming

The gradual development of the employment service also entails a gradual improvement in the statistical or other bases for assessing the manpower situation and establishing employment forecasts. Employment policy is thus placed on an increasingly sound foundation.

In some countries, the manpower question is already treated as an important factor in general economic programming. Such programming takes account of employment forecasts and thus greatly helps to bring economic and social problems nearer to a rational solution.

Programming is the ideal instrument for establishing the best possible relationship between manpower policy and its goal: to achieve and maintain full employment.

CONCLUSION

The problems raised by the rapid pace of technological change, integration of the economy as a whole and assistance to the developing countries can only be solved by speedy and consistent measures.

A comparison of the sixties with the preceding ten years would appear to indicate that economic and social problems are moving towards new difficulties. It is clear that economic growth will not continue regularly, as was the case in the last few years. Sectors of over-investment are beginning to appear and in some fields technological changes are weakening the demand for manpower.

If the problems raised by the re-adaptation of manpower cannot be solved rapidly and without friction, we must expect serious unemployment even if a vigorous growth policy is applied. The ordinary instruments of budgetary and monetary policy will not suffice. This situation is also likely to be further complicated by inflationary pressures and balance-of-payments difficulties, which might in turn give rise to social unrest and the revival of protectionist attitudes that would not fail to have an adverse effect on economic and social progress, as well as on all the development prospects of economic units extending beyond national frontiers(1).

An active manpower policy is no doubt one of the best means of overcoming these difficulties. However, the multiplicity of the measures mentioned in the present report should not blind us to the fact that they have developed relatively slowly compared with requirements. Governments, employers and workers should therefore do their utmost to accelerate and intensify their development.

To this end, close co-operation should first be established between government, employers and wage-earners. Experience shows that tripartite bodies are particularly appropriate.

The development of an active manpower policy will be facilitated by efficient co-ordination between the various services in a centralised employment department. Furthermore, an over-all concept of manpower policy is just as necessary as good development. However, in many respects, it is essential that the aspects of manpower policy should first be taken into consideration when examining economic and social problems.

The financing and planning of an active manpower policy are of decisive importance. It is still too frequently forgotten with regard to financing that an active manpower policy should be treated as a long-term policy and therefore independently of the short term economic situation or the budget. It is best to define such a policy in terms of the results of employment programming and to finance it through an independent body.

Even in the most advanced countries, manpower policy is a relatively new factor and there is no danger of its activities exceeding an economically reasonable figure. The limits of the "economics of manpower" should nevertheless be established within the O.E.C.D. framework.

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(1) Memorandum to the Council on the Operational Programme 1964-66 of the Manpower and Social Affairs Committee of O.E.C.D. /C(63)60 Annex VII, page 27.

Measures connected with manpower policy should cover total manpower. The content of such measures should be determined after analysis of manpower problems and on the basis of an over-all manpower policy prepared in the context of the economic programme. Employers and workers should be associated with these decisions.

The incentives employed by manpower policy to promote the mobility of the factors of production should be adapted to the aims in view. In the first place, they should be sufficiently effective to overcome the obstacles to the mobility of those factors, and particularly manpower mobility; in the second place, they should be able to make good any disadvantages that might result from such a policy of mobility.

Finally, manpower policy measures should be formulated in the clear knowledge that economic growth and stability are the fruits of full employment and consequently of manpower policy.

THE TRADE UNION ATTITUDE TOWARDS AN ACTIVE MANPOWER POLICY

by Hermann Beermann
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Free Trade Unions throughout the world have always been in favour of a manpower policy aimed at improving the worker's living conditions, and assuring him uninterrupted employment and a reasonable share in the results of his work. The emergence of trade unions was due to the complications arising in connection with the manpower situation at the beginning of the industrial period, when it was recognised that a labour market did in fact exist and that it was subject to certain laws. Today, everybody knows what human tragedies resulted from the ruthless exploitation of the labour market and the principle of laissez-faire: inhumane working hours with low wages, followed by periods of unemployment without any form of social security.

As a result of decades of experience, the free trade unions are all in favour of an active manpower policy.

Full employment and social security

From the trade-union point of view, an active manpower policy is a prerequisite for the attainment and maintenance of full employment. The free trade unions are quite convinced that full employment is not and should not be the result of chance, even though it may frequently appear to be so. On the contrary, the entire political energy of the people should be directed to ensuring and maintaining such full employment. The trade unions know that the well-being of a people, the entire social policy and the social security of the workers are all dependent on the maintenance of full employment.

Full employment in Freedom

The basic aim - the attainment and maintenance of full employment - can only be achieved if it is pursued in conditions of freedom. We therefore consider that full employment is not merely the employment of all workers without regard to the type of employment. Full employment is not merely the fact that there are no unemployed. We consider that it is far more necessary for the conception of full employment to be bound up with that of liberty; i.e. that the worker is free to choose his job without any interference or discrimination by the state.

Government manpower policy in the free democracies should therefore be orientated along these lines.

The free trade unions, unlike those in the government-controlled economies, consider that "full employment in Conditions of Freedom" is an important principle. It gives to the conception of full employment i.e. full employment of all workers in the jobs of their choice, its real meaning, which satisfies both the rights of man and the dignity of the worker.

We therefore consider that an active manpower policy should be pursued in the light of this conception of full employment.

Active Manpower Policy based on Democratic Principles

The trade unions are quite convinced that the maintenance of full employment necessitates a planned, purposeful active manpower policy. Such a policy must not, however, be dependent on government regulations or political consideration since a policy of this sort does not take into account the democratic rights of the workers or their human dignity.

No enforcement is necessary to achieve the desired aims of manpower policy. On the contrary, results can be achieved far better by providing the necessary incentives - whether wage incentives or others. So far as the workers are concerned, it is absolutely essential that labour problems should be solved in accordance with free democratic principles. They will always react violently to any restriction of their rights. The guaranteeing of their rights is their only way of ensuring the untrammelled development of their personalities as dependent workers.

We are against all attempts - even well-intentioned ones - by the state to direct labour which, by whatever means, lead to a restriction of the rights of the workers.

It frequently appears to us that measures connected with economic and manpower policy are still based on considerations dating from the last century. We are opposed to the worker's being considered merely as a factor in production like any other source of energy. An active manpower policy based on democratic principles must, therefore, pay particular attention to the position of the worker in the economic process and sweep away outworn ideas.

Manpower Statistics

It is an essential prerequisite of an active manpower policy that the manpower situation should be thoroughly and carefully watched.

Such observation - labour market statistics - the determination of manpower trends - is an important basis for planning measures. If manpower policy is to be adapted to the actual conditions, but is also to be in a position to encourage activities, this can only be achieved if it is flexible and its political considerations are based on a knowledge of the normal evolution of manpower phenomena. On the basis of such comprehensive statistical data, measures to control fluctuations in manpower must be taken when it becomes evident that modifications occur. But the only reasonable purpose of labour statistics is to achieve the highest possible level of employment and the highest rate of productivity, by encouraging or discouraging certain trends which have been observed. In making use of these manpower statistics in the necessary manpower policy measures, it appears to us that, in many countries, an even more purposeful and active policy is necessary, if developments are not to be left to chance, as has sometimes been the case hitherto.

We feel it is worth considering the possibility of adopting a standard basis for an analysis of the labour market, on which labour potential would be shown in the form of standard and comparable figures. A country's labour potential and the percentage of its wage-earners as compared with the size of its population would be a reliable guide to its degree of employment and economic soundness. A modern labour market analysis must not only be guided by the ratio of unemployed to employed persons, but as a basis for this analysis, as far as full employment is concerned, must also devote more attention than previously to the ratio of the labour potential.

Here I would refer to the E.E.C. Reports on the Market Situation, which are based on the following statistical data:

1. The number of unemployed;
2. The number of vacant jobs;
3. The number of jobs filled by the labour exchanges.

We consider that even these data are not a sufficient basis on which to assess the manpower situation, since the number of jobs vacant and the number filled are frequently dependent on chance. Even the unemployment figure does not constitute a reliable basis for deciding whether or not there is full employment. In our opinion, such a method is out-of-date.

If the extensive use of unreliable data in assessing the market results continues, there is a serious danger that the value of forecasts will suffer considerably. The O.E.C.D. should make an effort in this connection to work out standardised criteria, since the analysis of the labour market is a prerequisite for the implementation of manpower policy.

Occupational and geographical mobility

The occupational and geographical mobility of the labour force is a very important problem in any manpower policy. It is right that geographical mobility should be facilitated in the interests of the economy. But we should be quite clear that there are strict limitations on such geographical mobility, since frequent changes of residence have adverse human and psychological effects on the worker and even on his family. From a purely economic point of view it is advantageous to move workers and their families to places where jobs are available. At first sight, it would appear that such measures - seen from a purely economic point of view - are cheap and effective. In the long run, however, once such measures have gone beyond a certain point, the costs involved increase, quite apart from the fact that work performance frequently falls off on account of personal difficulties. From the trade union point of view, therefore, manpower policy should include not only the possibility of ensuring the geographical mobility of the labour force but also, and to an increasing extent, the "mobility of job". In the long run, and on general humanitarian grounds, it would appear to be far more important to orientate manpower policy in such a way that, in areas where there is a superfluity of labour, industrial complexes should be set up to a greater extent than has been hitherto the case, so as to integrate workers into the industrial process in the surroundings to which they are accustomed. Experience in Europe has shown that no real integration of foreign workers (e.g. southern Europeans into northern Europe) actually takes place, and that any advantages gained by workers through finding employment in foreign countries are offset by financial and personal disadvantages. Experience also shows, at least in Europe, that generally speaking there is no question of real emigration, but that workers merely go to the foreign country for a few years in order to return to their accustomed environment later. Only in rare cases is there real assimilation. The reason for this is undoubtedly to be found in the fact that, with modern means of transport, workers can easily and quickly return home, which discourages integration into the new surroundings.

This disinclination to assimilation gives rise to considerable difficulties which have an adverse effect on work performance.

In addition, such migratory movements are no indication of an active manpower policy, but rather a sign of inactivity. The first consideration should be to ensure that workers are provided with sufficient employment in the place where they live.

Migration of workers to industrial development areas is liable to have further adverse results. The depopulation of certain areas and the over-population of others imply increased costs to provincial and local government. We consider that too little attention has been paid in the past to the problem of ensuring the mobility of jobs and that too much has been paid to the mobility of labor. We expect of an active manpower policy that it should study the problem of geographical mobility, use such measures sparingly, and where possible replace them by the movement of industrial plant or complexes.

So far as occupational mobility is concerned, we expect of an active manpower policy that it should place more emphasis than in the past on giving workers the opportunity of receiving a broad and rational vocational training; naturally, it will be necessary to organise short-term and highly specialised training at certain times when particular needs occur on the labour market; but in the long run, real occupational mobility can only be achieved when all workers have the opportunity of undergoing comprehensive training extending over several years; such comprehensive training, and the resulting high degree of technical skill, will result in higher output, which again is in the general interest. Certain countries still pay too little attention to this problem of long-term vocational training, although it is one of the fundamentals of manpower policy. Under-employment and unemployment in many parts of the world - both in countries in process of development and in Europe - are partly due to the fact that the labour force available does not possess the necessary skills. Workers must be given far more opportunities than in the past of undergoing comprehensive training over a number of years. In addition there should be greater opportunities for advanced training and retraining. It is a recognised fact that during his working life, even the worker who has been fully trained will need further training to ensure his adaptation to technical developments. The provision of opportunities for further training is an essential factor in the promotion of occupational mobility.

Under-employment

Another problem which, in the opinion of the trade unions, must be finally solved within the framework of an active manpower policy is that of under-employment. This applies both to short-time work (under-employment on a weekly basis) and to seasonal work (underemployment on a yearly basis). An active manpower policy should make use of all opportunities available to ensure fully productive employment.

In this connection, we would refer to the I.L.O.'s Resolution on Employment Policy passed by the 1961 International Labour Conference, and fully supported by the Trade Unions. This should be a leading principle of every national manpower policy.

We should make up our minds that under-employment is a form of temporary unemployment, although the fact is frequently ignored, and that it therefore has all the familiar adverse effects on an active manpower policy. Problems connected with seasonal unemployment can, as has been shown by past experience, be successfully solved by planned measures of government manpower policy. Success achieved in carrying out winter building programmes in various countries leaves no room for doubt. It has been shown that it is possible, by means of plans based on co-operation between the government, the social security services and the employers and workers, to limit unemployment in certain branches of industry and thus gradually eliminate it altogether.

This example clearly shows that an active government manpower policy is always dependent on the active co-operation of the employers and workers. The result can only be co-operation and not disputes.

We are of the opinion that the existence of temporary under-employment represents a considerable danger to full employment as such, and that even in conditions of full employment everything ought to be done to eliminate any residual under-employment.

What must be considered in this connection is the positive effect of a reduction in working hours, in connection with the prevention and elimination of unemployment.

Experience has shown that a reduction in working hours can quite well help to secure better technical conditions and thereby enhance productivity without any additional strain on the wage-earner.

Prevention and elimination of unemployment

Experience of large-scale unemployment in the thirties demonstrated that the policy based on selfish interests of certain firms and employers and the conception that crises could be prevented by measures of economy were unfounded. It was shown that, not only was the employers' desire for excessive profits without regard to their social obligations harmful in the long run to the employers themselves, but that government measures of economy, which were pursued to such an extent that the unemployed could barely subsist, far from alleviating the crisis merely aggravated it.

An active manpower policy must therefore ensure that all means of preventing economic crises are fully exploited. Should temporary unemployment nevertheless occur, whether for structural, technological or economic reasons, government emergency measures should be taken in order to prevent any further unemployment and to eliminate that which already exists.

The unemployed worker should be paid benefits from the social security funds in sufficient quantity to ensure the maintenance of his standard of living during such periods of temporary unemployment. The maintenance of his standard of living prevents any deterioration of the morale of the unemployed person and also maintains the purchasing power of the population. The latter, incidentally, is one of the means by which any aggravation of the crisis can be prevented or limited.

Emphasis on rationalisation

An active manpower policy in the truest sense of the word must not be confined to periods of full employment, but should be particularly directed to devising measures to deal with unforeseen economic situations. We can never know whether, when and where a recession even a slight one, may occur for any reason. Here, I would draw attention to the experience of certain countries in connection with the introduction of measures of rationalisation. Unemployment which may result from such measures appears to be equal both in duration and extent to that resulting in the past from economic depressions. The modern economy therefore, will have to face dangers from technological progress in the future, and these must be countered by the appropriate measures.

The Trade Unions have always expressed themselves as being in favour of rational working methods, basing this attitude on the fact that the lightening of labour made possible by machines must act in favour of the working man. The same is true for the modern form of rationalisation, or automation. The result of rationalisation should be an increase in the social product and thus be to the benefit of the community as a whole. The Trade Unions, however, are perfectly clear that uncontrolled rationalisation can result in a considerable degree of redundancy. When the extent and timing of the introduction of rationalisation are ill-planned, workers who become unemployed can only be reabsorbed into the labour force with difficulty.

It therefore appears to us to be a particularly important function of an active manpower policy to keep permanently under close scrutiny such trends in the labour market - i.e. the displacement of entire groups of workers as the result of measures of rationalisation - and to ensure by means of appropriate measures that the general interest is not endangered by the action of individual employers. It is essential that an active manpower policy should include the watching of such trends and measures to ensure that rationalisation and automation are carried out on a properly planned basis. Only thus is it possible to prevent redundancy from occurring or at least to compensate for it by transfers from one undertaking to another. If redundancies do occur in spite of such measures, the workers concerned should be given all assistance necessary in order to enable them to find work elsewhere, without rationalisation resulting in any appreciable fall in their standard of living.

In the opinion of the Trade Unions, therefore, measures of rationalisation must be co-ordinated and accompanied by the appropriate measures of adaptation. Such measures should be co-ordinated and controlled, and this is one of the functions of an active manpower policy. Firms which make considerable investments for rationalisation purposes must also make the appropriate investments to ensure that new jobs are found for workers who become redundant owing to such rationalisation.

Activating manpower policy

We should be perfectly clear in our own minds that an active, comprehensive manpower policy must be continuously adapted to changed circumstances. It is definitely wrong to work out an inflexible conception of what such policy is or should be. A flexible policy, capable of being adapted to requirements, must simultaneously develop programmes for influencing the existing manpower situation and other, long-term, programmes aimed not at preventing modifications of the labour market, but at favourably influencing them so as to mitigate the social effects of structural modifications. The question of the over-all concept of what an active manpower policy should be - and it is no part of my task to lay down a comprehensive programme - must necessarily remain an academic one so long as no decision has been reached as to who is finally responsible for such a policy. In democracies, the parliament and government assume this responsibility. As trade-unionists we do not wish to assume this responsibility. The government has such responsibility and ought to be aware of it. It is a task of the trade unions to be continually pointing out to those responsible that certain activities must be expected of governments. If parliament and government are responsible for the active manpower policy, we as trade-unionists are quite prepared to co-operate in bringing such policy into effect. It is therefore most certainly desirable that the various countries concerned should work out a short and long-term policy in consultation with the representatives of the employers and workers. Governments would be well advised to allow the trade unions more access than has hitherto been the case to the discussion of economic and manpower problems.

The view that the bases of manpower policy could be laid down unilaterally (e.g. by government departments) or that measures connected with manpower policy could be carried through without consultation with the employers and workers, is out-of-date. It is particularly necessary, therefore, that an active manpower policy should be worked out in close and friendly co-operation between the government, the trade unions and the employers' federations. Such co-operation should not, as in the past, be confined to periods of emergency. Programmes should be carefully worked out at times when market conditions are favourable, so that those taking part are not merely provided with information but given the feeling of a comprehensive social security in this field as well.

The employment services

In our opinion, it is not enough merely to work out and lay down an active manpower policy; its implementation must be ensured by appropriate employment services.

The form which employment services should take has been laid down admirably in a number of I.L.O. Conventions.

The employment service, which is the department responsible for implementing the official manpower policy, should be so organised that the entire country is covered by a network of employment service offices, easily accesible to the workers.

The organisation and direction should be centralised at national level at the lowest, for it to be efficient and to ensure that workers are given equal rights and treatment without reference to their place of residence.

This unified, comprehensive organisation must be at the disposal of employers and workers for the purpose of vocational guidance, counselling and placement. The employment service should be consulted in connection with setting up new industries, transfers of workers, and in all matters concerned with rehabilitation (the re-integration into the labour force of disabled persons), those connected with vocational guidance and training and the observation of the manpower situation. The results of such observation (manpower statistics) must in turn be used as the basis for the official manpower policy. There must be the closest liaison between the offices working out manpower policy and those responsible for implementing it.

The employment services should be sufficiently acquainted with the labour market, at both national and international level, to be able to offer workers looking for the jobs those which most closely correspond to their skills and abilities - and this in the interest of the general economy as well as in that of the individual. They should open for employees wider opportunities of employment transcending national frontiers, by clearing of vacancies on a broad basis. In addition to this general function there are those of the individual ancillary organisations. These must be available for all problems connected with choice of occupation and securing a job by the individual worker. Here, their functions are not those of a state interfering but those of a welfare organisation. Any worker seeking advice and assistance must be given them. As trade-unionists, we are completely opposed to any form of regimentation, even on the part of the employment services. In our opinion, any direct or indirect form of compulsion or direction in connection with job selection is incompatible with freedom in the choice of occupation and job. In the past, such measures of compulsion, even on the part of the employment service, for the attainment of a given objective, have been a great evil. The employment services should therefore ensure that there is freedom in the choice of occupation, training and job.

There is a close connection between the vocational guidance and placement organisation and that dealing with unemployment insurance and unemployment benefits. This close connection necessitates the existence of organisational liaison. It should be laid down as a principle that the finding of employment has priority over the payment of benefits.

It is a prerequisite of an employment service organised in this way that it should be an institution for providing assistance and not for issuing directives. This also implies that the individual worker should be provided with full information concerning occupations and opportunities available, thus enabling him to choose for himself.

In addition to advising the worker, the employment service should provide the necessary financial assistance for vocational training. Providing there is a proper active manpower policy, the worker should not only be given the opportunity of accepting and exercising a job, but of undergoing a comprehensive course of vocational training. Such training should not be dependent on the financial resources of the individual but on his ability. Existing social distinctions should be eliminated by means of financial and technical help from the state. Such general vocational training forms a part of active manpower policy and should be supervised by the employment service.

The payment of benefits to unemployed workers is also a special function of active manpower policy. In many countries such benefits are considered as part of the system of social security.

In my opinion, no extensive research is required to establish the fact that the unemployment risk is not insurable. The only insurance against the financial results of unemployment is an active manpower policy which prevents unemployment.

It appears to us to be necessary, in this connection also, to determine whether and how social security for workers in the case of unemployment or under-employment can best be organised, without placing the burden of financing it (e.g. contributions) on the shoulders of those who are generally affected by economic disasters.

"Self-administration"

Any active manpower policy pursued by a special employment service requires to be influenced by the advice of the employers and workers. The best form of participation in measures of manpower policy is undoubtedly "self-administration", by which we mean the direct intervention of representatives of the employers and workers in the conception and implementation of socio-political tasks. The administrative rights which are basically those of the state are thus conferred on those chiefly concerned. This transfer of rights and duties connected with the implementation of manpower policy to the employers and workers has been shown in practice to work well. It reinforces the liaison between the manpower authorities and the two parties concerned and promotes the voluntary implementation of policy by them.

We are strongly opposed to the employment services being run as state institutions without any intervention on the part of the trade unions. In our opinion a considerable degree of self-administration by the parties concerned is a true example of democratic methods, since all those upon whom in the last resort the labour market is dependent participate in the making of its organisational and technical policy.

We should be perfectly clear in our own minds that neither a manpower policy nor a properly functioning employment service is possible against the wishes or without the support of those mainly concerned.

Since the worker should not be the slave of the manpower policy, but rather the policy should be the tool of the workers, we are faced with the absolute necessity that there should be close liaison with the trade unions in the elaboration of policy and the running of the employment services. The trade unions have an important part to play in the pursuit of manpower policy, and they should be given the opportunity of fully participating, in accordance with their responsibilities, in the administration of manpower.

In many countries, the employment services have not achieved the degree of integration with local and provincial placement offices that is desirable. If compulsory exploitation of these offices is, quite rightly, to be avoided, the employment services must therefore enlist the confidence of those who use them. A properly organised employment service should ensure that the wishes of the individual concerning free choice of job are respected. Since, therefore, there should be no compulsion to use the employment services, recruiting should be carried by highly skilled workers and, on the principle of self-administration, an organisation set up in close co-operation with the employers and workers. We believe an employment service organised in this way best meets the requirements of an active manpower policy.

Manpower and freedom of movement at international level

Definitions are a considerable aid to understanding. Unfortunately, for certain problems, it is sometimes difficult to find common definitions applying to one and the same country - far less to several countries - since one and the same conception is often differently interpreted. We trade-unionists have noticed that, in Europe at least, in addition to national governments, the E.E.C., the I.L.O., the Council of Europe and the O.E.C.D. are all increasingly concerning themselves with manpower problems and have developed conceptions, some of which differ from one another. It is a pity that no attempt is made to co-ordinate these efforts.

There is unfortunately a danger that certain positive features of international surveys and recommendations retain a somewhat formal character. The example of the E.E.C. shows how difficult it is to set up a unified supra-national labour market, and we are forced to admit that, in fact, no such market really exists. Nor indeed is there any conception of a common manpower policy among the Six.

The E.E.C. has issued its regulations concerning the free movement of labour. Such free movement could be a significant fact for an active manpower policy and the general well-being, if only it did not take the form of a dry legal text and has thus been rendered incapable of fulfilling the requirements of an active manpower and social policy. Only a freedom of movement embedded in the social and manpower policy can fulfil its function of evening out discrepancies between the various national labour markets. But it must be recognised that manpower is considered - as happens all too frequently - merely as another factor in production like power or capital, no attention being paid to the human factor. No policy based on cold, bloodless economic factors can be successful in the long run. A formal declaration as to the worker's freedom to move within a given area is not sufficient if it is not accompanied by a financial aid to the individual worker enabling him to live in the foreign country under the same social conditions as the inhabitants. Freedom of movement in the social, and not merely economic, field has not made any great progress either in the E.E.C. or elsewhere up till now. We consider that the problem of human relations and the integration of the worker into his social surroundings are much more important factors in active manpower policy, since it is only the man who is satisfied with his environment who will make a satisfactory worker.

CONCLUSIONS

If we consider the situation of the western world with regard to manpower policy - it would appear that it is urgently necessary to activate such policy. It is essential that a comprehensive policy should be adopted in place of the present attitude of laissez-faire.

This, however, makes it necessary to arrive as quickly as possible at a solution of certain problems. In addition to basic research and the elaboration of methods of implementing the policy, attention should be paid as quickly as possible to the following problems:

1. What short-term and long-term manpower policy measures can be taken to ensure the attainment and maintenance of full employment?
2. What can be done to eliminate, on a long or short-term basis, negative structural modifications, especially of a technological nature?
3. What methods can be used for rapidly detecting fluctuations of the labour market and what standardized supra-national criteria for manpower statistics can be laid down?
4. What measures can be taken to ensure the transfer of industries, etc. to areas of under-employment, thus avoiding unnecessary migration and relieving congestion in over-crowded areas?

5. What planning measures can be used to restrict or eliminate short-term under-employment, particularly of a seasonal nature?
6. What measures can be taken to ensure that thorough, comprehensive vocational training takes the place of short-term training?
7. What measures can be taken to ensure the continual advanced training of workers and their adaptation to technical progress?
8. What special system of social security gives the greatest material security against unemployment and under-employment?

IV

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